LISTING MEMORANDUM

IVS F. S.p.A.

€200,000,000 7.125% Senior Secured Notes due 2020

Guaranteed on a senior basis by IVS Group S.A. and certain of its subsidiaries

IVS F. S.p.A., incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy (the "**Issuer**") is offering (the "**Offering**") €200,000,000 aggregate principal amount of its 7.125% Senior Secured Notes due 2020 (the "**Notes**"). IVS Group S.A. (the "**Parent Guarantor**"), IVS Italia S.p.A. ("**IVS Italia**"), a direct wholly-owned subsidiary of the Parent Guarantor, as well as Fast Service S.p.A. ("**Fast Service**") and S. Italia S.p.A. ("**S. Italia**") (each of IVS Italia, Fast Service and S. Italia, a "**Subsidiary Guarantor**," and collectively, the "**Subsidiary Guarantors**" and together with the Parent Guarantor, the "**Guarantors**"), will guarantee the due and punctual payment of all amounts due and payable in respect of the Notes (the "**Note Guarantees**"). The Notes will be issued pursuant to an indenture to be dated on or around April 4, 2013 (the "**Indenture**") among the Issuer, the Guarantors, The Law Debenture Trust Corporation p.l.c. as trustee and BNP Paribas Securities Services, as security agent.

The Notes will bear interest at a rate of 7.125% per annum. Interest will be payable on the Notes semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2013. The Notes will mature on April 1, 2020. At any time on or after April 1, 2016, the Issuer may redeem all or a portion of the Notes by paying a specified premium. Prior to April 1, 2016, the Issuer may also redeem all or part of the Notes if the Issuer pays a "make-whole" premium. In addition, on or before April 1, 2016, the Issuer may also redeem up to 35% of the Notes with the net proceeds from one or more equity offerings. If the Parent Guarantor undergoes a change of control or sells certain of its assets, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes. See "*Description of the Notes*" for further information.

The Notes will be senior obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing and future senior indebtedness and will rank senior to all of the Issuer's future indebtedness that is subordinated in right of payment to the Notes. The Notes will be guaranteed on a senior basis by each of the Guarantors. The Note Guarantees will rank equal in right of payment with all of each Guarantor's existing and future unsubordinated indebtedness and will rank senior to each Guarantor's future indebtedness that is subordinated in right of payments to the Notes. The Note Guarantees will be subject to contractual and legal limitations that may limit its enforceability, and the Note Guarantees may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral*" and "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*."

The Notes will be secured by a first-ranking pledge over all of the shares of the Issuer and the Subsidiary Guarantors owned by the Parent Guarantor and a first-ranking pledge of the Issuer's rights under a loan to IVS Italia of the net proceeds of the Offering of the Notes, in each case as more fully described elsewhere in this offering memorandum (the "**Offering Memorandum**"). See "*Description of Certain Financing Arrangements*" and "*Description of the Notes—Security*." The security interests will be subject to limitations under applicable law and may be released in certain circumstances.

Subject to and as set forth in "*Description of the Notes—Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) ("**Decree No. 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"), except, in the case of Decree No. 239, where the procedures required under Decree No. 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or the Guarantors. Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a noteholder is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified by the Italian tax authorities in Ministerial Decree of September 4, 1996 and in the Ministerial Decree to be issued as per Article 168-*bis*, Italian Presidential Decree No. 917 of December 22, 1986) (a "**white list country**") and such noteholder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, noteholders will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the white list countries.

This Offering Memorandum includes information on the terms of the Notes and the Note Guarantees, including redemption and repurchase prices, security, covenants and transfer restrictions.

Application has been made to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

The Notes will be represented on the Issue Date by one or more global notes, which will be delivered through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") on April 4, 2013 (the "**Issue Date**"). See "*Book-Entry, Delivery and Form*."

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 18.

Issue Price: 100.000% plus accrued interest, if any, from the Issue Date

Neither the Notes nor the Note Guarantees have been or will be registered under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and to non U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended. See "*Notice to Investors*" and "*Plan of Distribution*" for additional information about eligible offerees and transfer restrictions. This offering memorandum may only be used for the purposes for which it has been published.

Joint Lead Bookrunners

BNP PARIBAS **Banca IMI**

Co-Manager

MPS Capital Services

The date of this Offering Memorandum is March 26, 2013.

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

BNP Paribas, Banca IMI S.p.A. and MPS Capital Services S.p.A. (the "**Initial Purchasers**"), the Trustee, the Security Agent and the Paying Agent make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Offering Memorandum. Nothing contained in this Offering Memorandum is or should be relied upon as a promise or representation by the Initial Purchasers as to the past or the future. You agree to the foregoing by accepting this Offering Memorandum.

Except as provided below, we accept responsibility for the information contained in this Offering Memorandum. We have made all due inquiries and confirm that to the best of our knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While each of the Issuer and the Guarantors accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, neither the Issuer nor any Guarantor accepts further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to the Issuer. The information in this Offering Memorandum is current only as of the date on its cover, and may change after that date. For any time after the cover date of this Offering Memorandum, neither the Issuer nor any Guarantor represents that its affairs are the same as described or that the information in this Offering Memorandum is correct, nor does the Issuer or any Guarantor imply those things by delivering the Offering Memorandum or selling Notes to you. References to any website contained herein do not form a part of this Offering Memorandum.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this Offering Memorandum is not legal, tax or business advice.

You may not use any information herein for any purpose other than considering an investment in the Notes.

The Issuer reserves the right to withdraw this offering of the Notes at any time. The Issuer and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser.

Neither the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

This Offering Memorandum is not an offer to sell the Notes and it is not soliciting an offer to buy any Notes in any jurisdiction in which such offer or sale is not permitted.

The distribution of this Offering Memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. None of the Issuer, the Guarantors or the Initial Purchasers represent that this Offering Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. None of the Issuer, the Guarantors or the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. In particular, no action has been taken by any of the Issuer or the Initial Purchasers which would permit a public offering of any Notes or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or

other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States and the United Kingdom and to persons connected therewith. See *"Transfer Restrictions*." We do not make any representation to you that the Notes are a legal investment for you.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or regulatory authority in the United States, nor have the foregoing authorities approved this Offering Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Issuer will apply to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Issuer cannot guarantee that its application for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, BNP PARIBAS (OR PERSONS ACTING ON BEHALF OF BNP PARIBAS) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT BNP PARIBAS (OR PERSONS ACTING ON BEHALF OF BNP PARIBAS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Notice to Investors in the United States

This Offering Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For this offering, the Issuer, the Guarantors and the Initial Purchasers are relying upon exemptions from registration under the U.S. Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A under the U.S. Securities Act. Prospective investors are hereby notified that sellers of the Notes and Note Guarantees may be relying on the exemption from the provision of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the U.S. Securities Act and applicable U.S. state securities laws. *See "Transfer Restrictions."*

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN EUROPEAN INVESTORS

United Kingdom. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of Article 5 of Directive 2003/71/EC (the "**Prospectus Directive**").

Italy. No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy within the meaning of Article 1, paragraph 1, letter t) of Legislative Decree No. 58 of February 24, 1998, as subsequently amended (the "**Italian Financial Act**"). Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer, the Guarantors, the Notes or the Note Guarantees or the Collateral may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold in the Republic of Italy either on the primary or on the secondary market to any natural persons nor to entities other than qualified investors (*investitori qualificati*) as defined pursuant to Article 100 of the Italian Financial Act and Article 34-*ter*, paragraph 1, letter b) of Regulation No. 11971 of May 14, 1999 as amended (the "**Issuers Regulation**") issued by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") or unless in circumstances which are exempt from the rules on public offers pursuant to the Italian Financial Act and the implementing CONSOB regulations, including the Issuers Regulation.

The Notes may not be offered, sold or delivered and neither this Offering Memorandum nor any other material relating to the Notes may be distributed or made available in the Republic of Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of this Offering Memorandum or any other material relating to the Notes in Italy is made in one of the following ways: (a) by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No 385 of September 1, 1993 as amended, the Italian Financial Act, CONSOB Regulation No. 16190 of October 29, 2007 as amended and any other applicable laws and regulations; and

(b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority. Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Grand Duchy of Luxembourg. This Offering Memorandum has not been approved by and will not be submitted for approval to the *Commission de Surveillance du Secteur Financier* for purposes of public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which are not subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding the Parent Guarantor's and its subsidiaries (collectively, the "**Group**") future financial position and results of operations, their strategies, plans, objectives, goals and targets, future developments in the markets in which the Group participates or is seeking to participate or anticipated regulatory changes in the markets in which the Group operates or intends to operate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should," or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Group cautions you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that its actual results of operations, including its financial condition and liquidity and the development of the industries in which the Group operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if the Group's results of operations, including its financial condition and liquidity and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- unfavorable economic conditions in Italy, France and Spain;
- inability to realize all anticipated benefits of past or future acquisitions;
- payment of increased usage fees;
- impact of current and future regulation;
- inability to cater to customer and consumer preferences;
- impact of competitive pressures;
- failure of key information technology, inventory management and maintenance systems or processes;
- disruptions in supply and logistics chain;
- failure of key manufacturer for the production of vending machines;
- fluctuations in costs related to fuel and transportation inputs, food, coffee and other commodity prices;
- impact of seasonal variation and abnormal weather;
- loss of major customers and/or inability to establish new customer relationships;
- tax audits and investigations;
- adequacy of insurance coverage;
- exposure to credit risk of customers and difficulties collecting trade receivables;
- inability to retain key employees;
- labor disruptions;
- risks related to litigation and other legal proceedings;
- risks related to our capital structure;
- risks related to our indebtedness;
- risks related to the Notes, Note Guarantees and Collateral; and
- other factors discussed in this Offering Memorandum.

The Group urges you to read the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and

"*Business*" for a more complete discussion of the factors that could affect the Group's future performance and the markets in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur. These forward-looking statements speak only as of the date on which the statements were made. The Group undertakes no obligation to update or revise any forward-looking statement or risk factors, whether as a result of new information, future events or developments or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

General

The Issuer is a direct, wholly-owned subsidiary of the Parent Guarantor and was incorporated on March 12, 2013 as a joint stock company (*società per azioni*) under the laws of the Republic of Italy. Consequently, the historical financial information relating to the Issuer is not meaningful and has not been included in this Offering Memorandum. In this Offering Memorandum, we have included and discussed the audited consolidated financial statements of Parent Guarantor and its predecessor entity (see "*—Financial Statements*"). As a result, the financial information in this Offering Memorandum, including in the sections titled "*Summary Consolidated Financial Information and Other Data*," "*Selected Financial Information,*" "*Capitalization,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements included elsewhere in this Offering Memorandum, reflect the financial position and results of operations of the Parent Guarantor (or its predecessor, as relevant and described below under "*—The Merger*").

Financial Statements

The Group's financial information included in this Offering Memorandum has been extracted or derived from:

- the audited consolidated financial statements of the Parent Guarantor and its subsidiaries as of and for the year ended December 31, 2012 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), audited by Ernst & Young Luxembourg S.A. and containing the auditors' report therein; and
- the audited consolidated financial statements of our prior parent company IVS Group Holding S.p.A. ("**IVS Group Holding**") and its subsidiaries as of and for the years ended December 31, 2011 and 2010, prepared in accordance with IFRS, audited by Reconta Ernst & Young S.p.A. and containing the auditors' report therein.

The audited consolidated financial statements contained in the F-Pages to this Offering Memorandum should be read in conjunction with the relevant notes thereto. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the Group's results of operations and/or financial condition, as well as on the comparability of the prior periods.

Changes in the Scope of Consolidation

Investors should be aware that financial information contained in this Offering Memorandum has been affected by the Merger (including the accounting treatment thereof, described below) and by other acquisitions that have changed our scope of consolidation and may make it more difficult for investors to evaluate the historical performance of our business. For a description of certain of such acquisitions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of our Results of Operations—Other acquisitions and changes in our scope of consolidation*."

We have not included any *pro forma* financial information in this Offering Memorandum to describe *pro forma* effects on our financial position or results of operations of the Merger or other acquisitions that have changed our scope of consolidation.

The Merger

The Parent Guarantor, IVS Group S.A., is the result of a merger (the "**Merger**") between IVS Group Holding S.p.A., an Italian company with registered offices in Seriate (Bergamo, Italy) and Italy 1 Investment S.A. ("**Italy1**"). Italy1 was a "Special Purpose Acquisition Company" (or "**SPAC**") formed as a public limited company (*société anonyme*) under Luxembourg law in August 2010 for the purpose of acquiring a company or business with its primary business operations in Italy through a merger or similar transaction (a SPAC is an investment vehicle that is formed for the purpose of carrying out a single transaction with a target company).

On January 27, 2011, Italy1 completed an initial public offering on the Italian Stock Exchange, raising €150.0 million in proceeds for the purposes of entering into a business combination or similar transaction with a company with its primary business operations in Italy. On March 2, 2012, the Merger agreement was signed by Italy1, IVS Group Holding and its principal shareholder, IVS Partecipazioni S.r.l. On April 12, 2012, the Merger was approved by the shareholders of both Italy1 and IVS Group Holding and, on May 16, 2012, the Merger became effective, with the Italy1 as the surviving entity retaining the listing on the Italian Stock Exchange and changing its corporate name to IVS Group S.A.

Following an analysis of the Merger, the directors of the Parent Guarantor concluded that, for accounting purposes, the Merger represented a reverse asset acquisition rather than a business combination as defined by IFRS 3. Consequently, for accounting purposes, the Merger has been treated as a recapitalization of the Group using the accounting principles established by IFRS 3 to account for reverse acquisitions. In accordance with these principles, the Group's consolidated financial statements as of, and for the year ended December 31, 2012 have been prepared as if the IVS Group Holding acquired the net assets of Italy1, and not vice versa. Therefore, the comparative figures for 2011 shown in such 2012 financial statements and in the explanatory notes thereto do not correspond to those of Italy1, but rather to those of the 2011 consolidated financial statements of IVS Group Holding.

IFRS accounting standards do not specifically contemplate combinations between an operating company and a SPAC like the Merger. The accounting treatment for the Merger adopted by the Group, in accordance with IAS 8, is based on a combination of the requirements of IFRS 2 related to share-based payments and that currently required by IFRS 3 related to reverse acquisitions. This treatment, which we believe is consistent with market practice, required the Parent Guarantor to record a charge equal to €25.4 million in the income statement for the year ended December 31, 2012, representing the difference between the fair value of the net equity of Italy1 (prior to the acquisition) and the fair value of Italy1's issued share capital. This charge resulted in the Parent Guarantor recording a net loss for the year ended December 31, 2012 of €15.4 million (net of such charge and of transaction costs related to the Merger, the Parent Guarantor would have recorded net income of €11.4 million for the year ended December 31, 2012).

On July 10, 2012, the accounting treatment of transactions such as the Merger was brought to the attention of the IFRS Interpretation Committee. Although the Group believes it has correctly accounted for the Merger, it is possible that such accounting treatment could be subject to change following a future pronouncement of the IFRS Interpretation Committee.

Non-IFRS Financial Measures

In this Offering Memorandum, we present certain non-IFRS measures, including Adjusted EBITDA, Adjusted EBITDA Margin, net financial indebtedness, net financial position, cash provided by operating activities without giving effect to changes in working capital, Adjusted interest expense, ratio of Adjusted net debt to Adjusted EBITDA and ratio of Adjusted EBITDA to Adjusted interest expense.

"Adjusted EBITDA" is defined as operating profit plus depreciation and amortization, adjusted for costs and expenses considered by our management to be non-recurring and exceptional in nature, which are discussed in below:

- in the year ended December 31, 2010 and 2011 included certain costs and expenses considered by our management to be non-recurring and exceptional in nature; and
- in the year ended December 31, 2012 included (i) accounting effects and costs associated with the Merger equal to €26.8 million comprising (a) a charge of €25.4 million from the income statement for the year ended December 31, 2012, representing the difference between the fair value of the net equity of Italy1 (prior to the acquisition) and the fair value of Italy1's issued share capital and (b) transaction costs related to the Merger equal to approximately €1.4 million, (ii) a cost correction related to certain reclassified vending machines (for €0.6 million), (iii) costs associated with the acquisitions of S. Italia and Fast Service (for €0.1 million) and (iv) certain other costs and expenses considered by our management to be non-recurring and exceptional in nature (for €0.8 million).

We believe that Adjusted EBITDA is a relevant measure for assessing our performance because it is adjusted for certain charges which, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of our business. We also believe that Adjusted EBITDA Margin is a useful indicator of our operating performance.

We define "Adjusted EBITDA Margin" as Adjusted EBITDA divided by total revenues.

"Adjusted net debt" is defined as net financial indebtedness less derivatives (related to Market Warrants as defined under "*Principal Shareholders*"), as adjusted to give effect to the Transactions as if the Transactions had occurred on December 31, 2012.

References in this Offering Memorandum to "Adjusted interest expense" refer to the interest expense on the Notes and the other outstanding indebtedness following the Transactions, in each case giving effect to the Offering, as if the Transactions had occurred on January 1, 2012, based upon as assumed coupon for the Notes. Adjusted interest expense excludes charges allocated to debt issuance costs. Adjusted interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period of our financial condition at any future date.

References in this Offering Memorandum to "net financial indebtedness" refer to the sum of current financial indebtedness and non-current financial indebtedness minus cash and cash equivalents. Net financial indebtedness shows the amount of the Group's debt if all liabilities were to be repaid using liquid funds and in accordance with the recommendations of the European Committee of Securities Regulators dated February 10, 2005. References to "net financial position" refer to the sum of current financial indebtedness and non-current financial indebtedness less the sum of cash and cash equivalents, held-to-maturity investments, non-current loans and receivables and other non-current financial assets from others. References in this Offering Memorandum to "cash provided by operating activities without giving effect to changes in working capital" refer to the cash provided by operating activities less the changes in working capital.

Adjusted EBITDA, Adjusted EBITDA Margin and other non-IFRS measures mentioned in this Offering Memorandum are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA, Adjusted EBITDA Margin and other non-IFRS measures mentioned in this Offering Memorandum as reported by us to Adjusted EBITDA and Adjusted EBITDA Margin and other non-IFRS measures mentioned in this Offering Memorandum of other companies. The information presented by each of Adjusted EBITDA, Adjusted EBITDA Margin and other non-IFRS measures mentioned in this Offering Memorandum is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

None of Adjusted EBITDA or Adjusted EBITDA Margin is a measurement of performance under IFRS and you should not consider Adjusted EBITDA or Adjusted EBITDA Margin as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be, or to cash flows from operations, investing activities or financing activities. Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect any cash requirements that would be required for such replacements; and
- the fact that other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, which limits their usefulness as comparative measures.

Net financial indebtedness. Adjusted net debt, net financial position and cash provided by operating activities without giving effect to changes in working capital are not IFRS measurements and therefore they may not be comparable to similarly titled measures of other companies; such non-IFRS measurements have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our operating results as reported under IFRS.

Segment information

In 2012, following the Merger, the Group assessed its segment reporting according to IFRS 8 (mandatorily applicable to public companies). As a consequence, the following presents our segment reporting in this Offering Memorandum and the audited consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012 and the notes thereto as included elsewhere in this Offering Memorandum:

- for the year ended December 31, 2010, we reported three operating segments: Italy, France and Spain, the geographical business units of our Vending Business; and
- for the year ended December 31, 2011 and 2012, we reported four operating segments: Italy, France and Spain, the geographical business units of our Vending Business, and our Coin Service Business (which was acquired in 2011).

Other Data

Certain numerical figures contained in this Offering Memorandum, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Memorandum, all references to "**euro**," "**EUR**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time, and all references to "**U.S. dollars**," "**USD**" and "**$**" are to the lawful currency of the United States of America.

Definitions

As used in this Offering Memorandum:

- "**Group**," "**us**," "**we**" and "**our**" refer to the Parent Guarantor and its consolidated subsidiaries, unless the context requires otherwise or is clear from context. With respect to historical operating and financial information of IVS Group Holding, as of and for any period prior to the consummation of the Merger as discussed under "*Presentation of Financial Information—The Merger*," the terms "**we**," "**us**," and "**our**" and "**Group**" refer to legacy IVS Group Holding S.p.A. and its consolidated subsidiaries;
- "**acquisition rate**" refers to the ratio between vends made in the current quarter by customers who became Group customers in the previous quarter to total vends of the current quarter, net of customers acquired in the previous and current quarters, as presented on an annualized basis in this Offering Memorandum—such figures exclude all vends which were acquired through mergers and acquisitions activity;
- "**churn rate**" refers as the ratio between vends made in the previous quarter by customers which were lost by the Group during the quarter and total vends made in the previous quarter, as presented on an annualized basis in this Offering Memorandum;
- "**Coin Service Business**" refers to the activities of our Group in Italy that conduct our coin management business, specifically the following subsidiaries: CSH S.r.l.; Coin Partecipazioni S.p.A.; Coin Service S.p.A. and Coin Service Nord S.p.A.;
- "**Collateral**" refers to the Issue Date Collateral and the Post-Closing Collateral, collectively;
- "**consumers**" refers to the individuals who purchase a product from our vending machines;
- "**customers**" refers to the clients of our Vending Business who we contract with to place vending machines on their premises;
- "**EU**" refers to the European Union;
- "**Eurozone**" refers to the member states of the European Union participating in the European Monetary Union;
- "**Fast Service**" refers to Fast Service S.p.A., a direct, 70%-owned subsidiary of the Parent Guarantor and a Subsidiary Guarantor of the Notes offered hereby;
- "**GDP**" refers to gross domestic product;
- "**Intesa Senior Term Facilities**" refers to the syndicated senior term facilities agreement dated as of March 8, 2008, as subsequently amended by and between, *inter alios*, IVS Italia, as borrower, Intesa Sanpaolo S.p.A., as mandated lead arranger and lender and the Parent Guarantor, as guarantor, providing for a €200.0 million in three tranches, of which €89.9 million was outstanding as of December 31, 2012; the Intesa Senior Term Facilities will be repaid and cancelled with a portion of the proceeds of the Notes offered hereby;
- "**Italian Civil Code**" refers to the Italian civil code (*codice civile*), enacted by Royal Decree No. 22 of March 16, 1942, as subsequently amended and supplemented;
- "**Issuer**" refers to IVS F. S.p.A.;
- "**Issue Date Collateral**" refers to the first-ranking pledge over (i) the Issuer's right under the Proceeds Loan; (ii) all of the share capital of the Issuer; (iii) 70% of the share capital of Fast Service; and (iv) all of the share capital of S. Italia, in each case granted on or about the Issue Date to the Trustee on behalf of the holders of the Notes;
- "**IVS Group Holding**" refers to the Parent Guarantor's predecessor IVS Group Holding S.p.A. before the Merger;

- "**IVS Italia**" refers to IVS Italia S.p.A., a direct, wholly-owned subsidiary of the Parent Guarantor and a Subsidiary Guarantor of the Notes offered hereby;
- "**Merger**" refers to the business combination by and between privately-held IVS Group Holding and publicly-listed special purchase acquisition company Italy 1 Investment S.A. conducted pursuant to Luxembourg law of May 19, 2006 on takeover bids (*Loi du 19 mai 2006 concernant les offres publiques d'acquisitions*), effective as of May 16, 2012 with Italy 1 Investment S.A. as the surviving entity. Subsequent to the Merger, Italy1 Investment S.A. changed its name to "IVS Group S.A." See "*Presentation of Financial Information—The Merger*;"
- "**Parent Guarantor**" refers to IVS Group S.A.;
- "**Post-Closing Collateral**" refers to the first-ranking pledge all of the share capital of IVS Italia to be granted no later than 20 business days subsequent to the Issue Date to the Trustee on behalf of the holders of the Notes;
- "**Revolving Credit Facility**" refers to the €15.0 million revolving credit facility that the Parent Guarantor entered into on March 26, 2013 with Intesa Sanpaolo S.p.A., Bergamo Branch;
- "**S. Italia**" refers to S. Italia S.p.A., a direct, wholly-owned subsidiary of the Parent Guarantor and a Subsidiary Guarantor of the Notes offered hereby;
- "**Subsidiary Guarantors**" refers to IVS Italia, Fast Service and S. Italia, collectively;
- "**Transactions**" refers to the series of transactions as defined under "*Summary—The Transactions*;"
- "**Trustee**" refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee, legal representative (*Mandatario con rappresentanza*) under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code;
- "**vend**" refers to a sale made from a vending machine;
- "**Vending Business**" refers to the activities of our Group in Italy, France and Spain that conduct our automatic and semi-automatic vending machine operations, including our Office Coffee Services business;
- "**VAT**" refers to value added tax; and
- "**VSI**" refers to Vending System Italia S.p.A.

INDUSTRY AND MARKET DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by trade associations and industry consultants. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Memorandum was estimated or derived based on assumptions we deem reasonable and from our own research, surveys or studies conducted by third parties, including trade associations, and other industry or general publications. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified such data and cannot guarantee their accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. While each of the Issuer and Guarantors accepts responsibility for accurately summarizing the information concerning industry and market data contained in this Offering Memorandum obtained from industry reports and government data, none of the Issuer, the Group or the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Unless otherwise indicated, data on our market position and market share is based on revenues for the year ended December 31, 2012. Our estimates involve risks and uncertainties and are subject to change based on various factors. See "*Risk Factors*," "*Industry*" and "*Business*" for further discussion.

SUMMARY

This summary highlights selected information about the Issuer, Guarantors, the Group and the Offering contained in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the financial statements of the Parent Guarantor and the consolidated financial statements of IVS Group Holding and the related notes therein. You should read this Offering Memorandum carefully in its entirety, including the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry" and "Business", as well as our audited historical financial statements and the notes thereto included elsewhere in this Offering Memorandum.

Overview

We are the largest operator of vending machines in Italy and the third largest vending machine operator in Europe (excluding Coca Cola and Alois Dallmayr KG which operate vending machines but are also active in other businesses), with operations in France and Spain. We manage a network of approximately 144,000 vending machines and office coffee service machines located at corporate offices, institutions and public places through which we sell a broad range of products, including hot and cold beverages, in-between meals, snacks and confectionary (our "**Vending Business**"). We leverage over 40 years of experience in the industry to build and maintain relationships with large institutional customers and small- and medium-sized enterprises ("**SMEs**"): our contracts with these customers permit us to place our vending machines in many high-traffic and high-visibility locations throughout Italy and in key locations in France and Spain. In the year ended December 31, 2012, we reported revenues and Adjusted EBITDA of €297.8 million and €60.8 million, respectively. In the same year, we generated 87% of our revenues in Italy, with the remainder derived from operations in France (8%) and Spain (5%). We are headquartered in Seriate, Italy and our Class A Shares are listed on the Italian Stock Exchange.

Our business model covers the full spectrum of the value chain in the vending machine operator market. Our sales team originates new customer contracts allowing us to place vending machines on customers' premises and we also bid for concessions pursuant to public tenders to place vending machines with governmental entities and semi-public or large corporate entities. We purchase and customize our vending machines with the options and characteristics that our customers require and install them at their premises. Our central purchasing department sources the range of food and beverage products that our vending machines offer. Our customer contracts will typically specify a few products that a customer's vending machine should offer, but with our industry knowledge, we are also able to tailor our product offerings by type of location or region to achieve a superior product offering for consumers. We also provide our customers with restocking, maintenance, coin collection and customer service for the vending machines we operate.

Our vending machines are either automatic or semi-automatic and serve different segments of the food and beverage market. Our automatic machines are generally large, free standing vending machines favored by corporate or public institutional customers. These machines dispense products from the "Hot" beverage, "Snacks" and "Cold" beverage segments of the food and beverage market. Our semi-automatic machines are generally small pod machines that offer coffee and other hot drinks to SMEs and other corporate customers.

In the year ended December 31, 2012, our Vending Business generated approximately 96% of our revenues and 95% of our Adjusted EBITDA. In 2012, our Vending Business sold approximately 634.5 million of products (or "**vends**") at an average price per vend of 43.3 euro cents. Despite difficult economic conditions we have managed to increase our Vending Business revenues from €264.6 million in 2011 to €274.6 million in 2012 mainly by increasing average price per vend of 41.5 euro cents to 43.3 euro cents, respectively. We focus on profitability through exploiting operational synergies from our extensive branch network of distribution and maintenance service operators and seeking to improve vending machine density, which refers to the placement of vending machines in close proximity to one another.

We have consolidated our Vending Business through organic growth and selective acquisitions within the highly fragmented Italian, French and Spanish markets. We believe we rank first in terms of market share by revenues in Italy, our core market. Our management estimates our market share to be 11%. In Italy, our vends are primarily generated in the Northwest, Northeast and Lazio regions, though our machines can be found nationwide. We believe we are the only national operator in Italy which can provide

nationwide solutions to our customers. In France and Spain, we believe we are among the market leaders in terms of market share by revenues. Our vending machines in France are concentrated in Paris and urban areas in the Provence-Alpes-Côte d'Azur province. In Spain, we believe we are among the market leaders in the areas where we are present. Our vending machines in Spain are concentrated in urban areas, specifically the Madrid, Aragon, Navarre and Catalonia regions.

In addition to our Vending Business, we also operate a coin service business ("**Coin Service Business**") through subsidiary companies that we acquired in March 2011 in conjunction with minority partners. Our Coin Service Business performs management of "metallic money", including collection, packaging and delivery for approximately €1,000 million equivalent in coins for a variety of customers, including our Vending Business and other customers such as banks, mass-retailers, third party vending operators, parking operators, train stations and highway ticket offices. In the year ended December 31, 2012, our Coin Service Business generated approximately 4% of our revenues and 5% of our Adjusted EBITDA.

Our Strengths

We believe that our business benefits from the following competitive strengths:

We occupy a strong competitive position as a market leader in an industry with attractive market dynamics.

- *Attractive market dynamics*: As estimated by Confida, the Italian vending machine association, the Italian vending machine operator market was worth approximately €2.6 billion in revenue in 2011 and recorded year-on-year growth of 2.24% over 2010. We believe that revenue growth in this market is possible through building out the vending machine network and achieving higher revenue per vend by upgrading vending machine stock. Long-term, underlying trends that favor such growth include changes in consumer lifestyles and the attractive value proposition vending machines can offer consumers. According to Confida, consumers are increasingly relying on convenience snacks and meals available outside the home and workplace, which drives demand for convenience food and beverage offerings, for which vending machines like ours represent a primary distribution channel. Confida also estimates that 16.8 million Italians use vending machines annually, 43.6% of which make at least two purchases per week. In addition, products sold in vending machines are often available at significantly lower retail prices when compared to identical or analogous products sold in other retail channels, offering an attractive value proposition to consumers and providing vending machine operators like us considerable flexibility to adjust pricing. In fact, consumer purchases from vending machines show limited price sensitivity. For example, data from Confida suggests that vending machine operators can pass increased product costs to end consumers without adverse effects on overall revenues.
- *Market leadership*: With our 50 branches in Italy, we believe we are the only Italian vending machine operator to cover the entire Italian domestic market, with a market share in terms of revenue of approximately 11% for the year ended December 31, 2012, making us the clear market leader amid a highly fragmented market. We believe that the top five operators in Italy (including us) hold a combined market share of approximately one third, with the remaining players mostly small, family-owned or local companies. Our network of branches, particularly our nationwide coverage in Italy, foster operational and logistical synergies which reduce the cost of increasing the number of our vending machines. In addition, the close proximity of our vending machines to one another (called "**vending machine density**"), reduces the cost of restocking and maintenance, which is why increasing our density is one of our primary strategies for further consolidation and growth. Furthermore, our market position and size have allowed us to achieve economies of scale in product purchasing and distribution which are key drivers for our profit generation. As the only national operator in Italy offering nationwide solutions to customers, we are well positioned to gain large institutional contracts. For example, in 2012, we were awarded two contracts for the installation and management of vending machines located at over 2,000 nationwide offices of Poste Italiane, the Italian postal service.

Our extensive roster of existing customers and strong reputation, together with our innovative product offerings, advanced vending machines and marketing and logistical prowess give us a significant competitive advantage over existing market participants (particularly for larger contracts).

- *Strong reputation with a diversified and loyal customer base*: We have developed a strong reputation and a well-balanced and diversified mix of loyal customers: for the year ended December 31, 2012, we served over 49,000 customers and no one customer accounted for more than 2% of our revenues. Our diverse customer base is particularly accentuated in Italy, where our top 100 and top 20 customers constituted

only 27% and 14%, respectively of our revenues for the year ended December 31, 2012. Our customers are loyal; our churn rates were 1.75%, 1.60% and 1.46% in each of the respective years ended December 31, 2010, 2011 and 2012. We believe that our customers choose our services over our competitors because they value: (i) our strong reputation, innovative product offerings and advanced vending machines, (ii) our ability to offer tailored, full-service solutions to meet clients' specific requirements, and (iii) our ability to provide a superior product mix compared to our competitors.

- *Innovation in product offerings and vending machine technology*: We have historically been at the forefront of innovation in the vending machine industry and today we strive for continual innovation in both the products we sell and our vending machines, which we believe are the most advanced in the industry. With respect to the products we sell, we work with our suppliers to achieve a superior product assortment and retail pricing. We also carefully and efficiently manage our supply chain with a centralized purchasing division responsible for pricing and negotiation with suppliers and machine manufacturers, to maximize our commercial terms. With respect to our vending machines, we have developed an innovative and "smart" vending machine layout to maximize product visibility and increase the appeal of our products to consumers.
- *Logistical expertise*: We manage our network of vending machines with a state-of-the-art control system that allows us to monitor the status of each machine, and optimize the refilling process and maintenance, minimizing vending machine malfunctions and limiting out of stock products at each location. Our vending machine setting facilities is also located near one of our vending machine manufacturing suppliers to reduce transportation costs. Through our extensive network of 59 branches in three countries, we can manage our operations both effectively and efficiently.

We have a strong financial track record of revenue growth and visibility and a history of EBITDA growth and cash flow generation.

- *Revenue growth and visibility*: Over the three years 2010, 2011 and 2012, we increased our revenues every year primarily through organic growth and also through a variety of bolt-on and mid-sized acquisitions. We enjoy high visibility in our revenue generation, due primarily to: (i) our broad and diversified customer base, (ii) a low churn rate and (iii) our investments in logistics, which give us the ability to quickly adjust our product offerings to consumer demand.
- *Adjusted EBITDA growth*: Over the three years 2010, 2011 and 2012, we increased our Adjusted EBITDA every year through a combination of both organic growth and growth through acquisitions, despite a difficult macroeconomic environment. Beginning with the economic and financial crisis in 2009, we implemented numerous measures to improve margins, including retail price increases and measures to control costs. We believe that we generate superior Adjusted EBITDA performance compared to our peers: our Adjusted EBITDA increased from €57.7 million in 2010 to €60.8 million in 2012.
- *Cash flow generation*: The vending machine operator business is characterized by favorable working capital dynamics, driven by immediate cash collection at sale and high inventory rotation. We generated €43.2 million, €43.6 million and €39.9 million in cash provided by operating activities (without giving effect to changes in working capital) in the years ended December 31, 2010, 2011 and 2012, respectively. Our capital expenditures primarily relate to investments in new vending machines and external growth. In addition, we have been able to further reduce replacement capital expenditures through an increased focus on the in-house refurbishment (rather than replacement) of vending machines. Finally, we have always followed a disciplined approach to acquisitions and intend to do so in the future.

We have a highly experienced management team with a proven ability to execute our strategies.

- *Experienced management*: Our management team has decades of experience in the vending machine operator industry, with a unique mix of operational expertise coupled with manufacturing know-how. Indeed, we believe our current management has driven innovation in the Italian market and is highly regarded as the benchmark in the overall European market. Our management team has a proven ability to execute our strategy throughout the economic cycle, achieving both organic growth and growth through the integration of acquired businesses. The key members of our management board have over 90 years of combined experience gained in senior management positions in the vending machine operator industry, in marketing, operations, M&A and finance.

- *Proven success*: Since our predecessor IVS Group Holding's incorporation in 2006 through the merger of its predecessor companies, our current management team has delivered, among other things: (i) significant improvements in our financial and operational performance, (ii) cost savings and improved labor efficiency, (iii) the introduction of a range of industry leading innovations and (iv) the launch of two state-of-the-art vending machine maintenance and refurbishment facilities, to extend the life-cycle of our vending machines.

Our Strategies

We plan to increase the value of our business through organic growth and a disciplined acquisitions strategy in our primary markets. We also intend to invest in our product development and vending machine network, while strengthening our cash flow position. Our primary strategies to achieve these goals include:

We intend to focus on increasing vending machine density through organic growth in Italy and exploiting economies of scale and other cost-savings in the areas of logistics and distribution.

- *Increase density of vending machine network and penetrate under-served channels*: We believe there remains significant market demand for the placement of vending machines, especially in public areas. We intend to increase the density of our vending machine network through organic growth in Italy. We also seek to place more vending machines in under-served channels, such as the travel segment (i.e. railway, bus and subway stations and airports) in order to offer products to consumers outside of their workplaces. Increased vending machine density enables us to better leverage our fixed cost base because our existing distribution, maintenance and coin collection activities have the capacity to service additional vending machines.
- *Exploit economies of scale and other cost-savings*: We will continue to exploit economies of scale and other cost-savings, including by the refurbishment (rather than replacement) of existing vending machines and the careful management of our procurement, logistics and distribution activities. We will focus on central product purchasing and the efficient, but prompt, restocking of our vending machine network, made possible by our highly sophisticated information technology-based control system.

We will continue to consider selective acquisitions in Italy that increase vending machine density or present other favorable synergies, and potentially, small bolt-on acquisitions in France and Spain.

- *Growth through selective acquisitions in Italy*. Selective acquisitions will remain a key driver of our plans for future growth and increased profitability in Italy, primarily by seeking to acquire companies in strategic locations that improve our vending machine density. As in the past, we expect to grow through a disciplined consolidation strategy, acquiring smaller competitors that lack economies of scale and are hindered by limited pricing power and margin pressure, and integrating them into our network to achieve operating and pricing synergies. We believe such selective acquisitions will allow us to achieve operational synergies because it will allow us to further utilize the nationwide network of branches that we have already in place. We will also consider acquisitions of smaller companies in Italy with attractive existing contracts. For example, in 2012, we purchased a vending machine operator holding a contract with the Azienda Trasporti Milanese S.p.A. which operates the Milan subway. By rolling out our model to the vending machine stock and customer lists of such smaller acquired companies, we can increase prices and achieve higher prices per vend.
- *Small bolt-on acquisitions in France and Spain*. We will continue to consider small bolt-on acquisitions in France and Spain that are accretive to our existing distribution and logistical networks. However, given the challenging economic environment in Spain in particular, acquisition opportunities will have to be extremely appealing.

We intend to continue investing in innovative vending machines, product development and new channels, while increasing operating margins by improving average selling prices.

We plan to consolidate and expand our business by: (i) increasing average selling prices by adjusting prices for products that have low consumer price sensitivity and a significant price gap when compared to identical or analogous products sold in other retail channels, (ii) expanding product offerings in response to the latest consumer trends (e.g. health and wellness), while further increasing the sophistication of our category management to maximize sales per machine and average prices, (iii) expanding product categories where convenience and service are key success factors (e.g. personal care, over-the-counter pharmaceuticals) and (iv) developing ancillary revenue (e.g. advertising).

We will focus on enhancing our already strong cash flow position and maintain a conservative leverage ratio.

By maximizing our product rotation and increasing our retail prices, where appropriate, we will continue to focus on cash flow generation. In addition, we expect to continue to reduce replacement capital expenditures through the refurbishment (rather than replacement) of vending machines. Finally, we intend to maintain a conservative leverage ratio.

Recent Developments

Current Trading

Based on management reports, our operating performance for the first two months of 2013 is in line with management's expectations and shows an increase in revenues over the same period in the prior year. This preliminary indication is based on our initial management reviews of our results of operations, which have not been reviewed by any audit firm and are inherently subject to modification during the preparation of our financial statements as of and for the three months ended March 31, 2013. See "*Forward-Looking Statements*."

Migration to the Mercato Telematico Azionario

We were the first SPAC publicly-listed on the investment vehicle market *Mercato Telematico degli Investment Vehicles* ("**MIV**") of the Italian Stock Exchange (*Borsa Italiana*). The MIV is a regulated market within the meaning of the Markets in Financial Instruments Directive (2004/39/EU)("**MiFID**"); however, as we were classified as a special investment vehicle, pursuant to applicable regulations, only professional investors (*investitori professionali*) within the meaning of MiFID can participate in the trading of our securities on the MIV. We are considering migrating to the *Mercato Telematico Azionario*, the main regulated market of Borsa Italiana, which would give the Parent Guarantor's Class A Shares greater liquidity and permit a wider spectrum of investors, including retail investors, to become shareholders of our Class A Shares. See "*Principal Shareholders*." The migration procedure requires certain filings with *Borsa Italiana* and other market authorities. We have not formalized any filings at this time. We can provide no assurance of the timing of any such filings, or that the Parent Guarantor will successfully migrate its listing to the *Mercato Telematico Azionario*.

The Transactions

After deduction of commissions and expenses, we anticipate the net proceeds from the issue of the Notes to be approximately €195.0 million. We intend to use €143.4 million of the net proceeds from the issue of the Notes for the repayment of all amounts outstanding under IVS Italia's Intesa Senior Term Facilities (€89.9 million) as well as repayment of certain other financing arrangements and obligations (€53.5 million). In addition, €51.6 million will be used for general corporate purposes, which may include one or more of the following uses: (i) repaying certain indebtedness as it becomes due over the next 12 months (up to €4.0 million), (ii) paying the final installment of the purchase price for the previous acquisition of 70% of the share capital of Fast Service (€14.9 million), (iii) if triggered or exercised, making payment under the put/call option to purchase 30% of the share capital of Fast Service from minority shareholders (as of December 31, 2012, we recorded on our balance sheet a liability of €7.6 million in respect of such arrangement) and (iv) making selective bolt-on acquisitions. On March 26, 2013, the Parent Guarantor entered into the Revolving Credit Facility with Intesa which provides for up to €15.0 million in revolving credit on an unsecured and unguaranteed basis. The Revolving Credit Facility will be undrawn at the closing of the Offering of the Notes. For additional information, see "*Use of Proceeds*," "*Description of Certain Financing Arrangements,*" "*Description of the Notes*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Arrangements Regarding Minority Interests in our Subsidiaries*" and "*—Liquidity and Capital Resources.*"

Issuer and Parent Guarantor Information

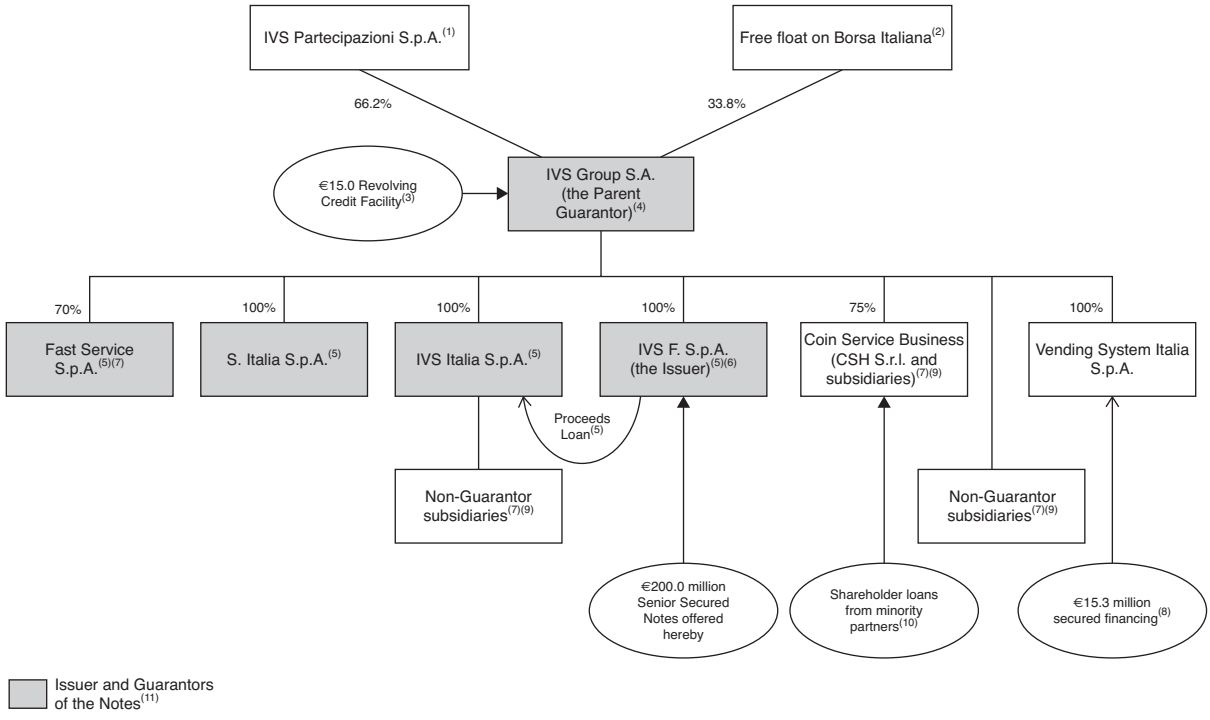
The Issuer was incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy on March 12, 2013 as a direct wholly-owned subsidiary of the Parent Guarantor, and is registered under number 03899140168 with the Register of Companies of Bergamo (*Registro delle Imprese di Bergamo*) with registered office at Via Dell'Artigianato, 25, 24068 Seriate (Bergamo), Italy, and its telephone number is +39 035 30 16 95. The Issuer's incorporation will terminate on December 31, 2060, subject to certain amendments being made to its by-laws to extend the period of its incorporation. As of the date of this Offering Memorandum, the Issuer had a fully paid-up share capital of €2,050,000.00

consisting of 2,050,000 ordinary shares with a par value of €1.00, all of which are held by the Parent Guarantor.

The Parent Guarantor was incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg on August 26, 2010, and is registered under number B155.294 with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*). The Parent Guarantor's registered office is at 2A, Rue Jean-Baptiste Esch, L-1473 Luxembourg, and its telephone numbers are +352 27 12 55 41 and +39 035 30 16 95. Since January 27, 2011, the Parent Guarantor's Class A Shares and Market Warrants (as described under "*Principal Shareholders—Market Warrants*") trade on the MIV of Borsa Italiana. See "*—Recent Developments—Migration to the Mercato Telematico Azionario*."

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following chart shows a simplified summary of the corporate and financing structure and nominal amounts of the principal indebtedness of the Group as of December 31, 2012 after giving effect to the Offering and the use of proceeds therefrom. The chart does not include all entities in the Group, nor all of the debt obligations thereof. All entities shown below are, unless otherwise indicated, directly or indirectly owned by their respective parent company. Outstanding debt amounts are based on the nominal value figures as of December 31, 2012. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Description of the Notes,*" "*Description of Certain Financing Arrangements*" and "*Capitalization.*"



(1) As of the date of this Offering Memorandum, IVS Partecipazioni S.p.A. (the "**IVS Partecipazioni**"), a vehicle formed by Mr. Cesare Cerea and certain other legacy shareholders of IVS Group Holding beneficially owns 63.8% of the Parent Guarantor's Class A Shares, and pursuant to a shareholders' agreement with certain shareholders, controls voting rights with respect to 66.2% of the aggregate outstanding shares of the Parent Guarantor (including its holding of Class A Shares plus the Class B Shares held by the Founders (as defined under "*Principal Shareholders*") which the Founders have agreed pursuant to a shareholders' agreement to vote according to the instructions of IVS Partecipazioni). See "*Principal Shareholders—Our Controlling Shareholder*" and "*Principal Shareholders—IVS Shareholders' Agreement*" for further information.

(2) As presented herein, free float on Borsa Italiana includes the 3.5% of Class A Shares held by the Founders. We have announced our intention to migrate to the *Mercato Telematico Azionario*, the main regulated market of Borsa Italiana, from the MIV which would give our Class A Shares greater liquidity and permit a wider spectrum of investors, including retail investors, to become shareholders of our Class A Shares. See "*Summary—Recent Developments—Migration to the Mercato Telematico Azionario.*"

(3) On March 26, 2013, the Parent Guarantor entered into an unsecured and unguaranteed revolving credit facility (the "**Revolving Credit Facility**") with Intesa Sanpaolo S.p.A., Bergamo Branch ("**Intesa**") which provides for borrowings of up to €15.0 million. The Revolving Credit Facility will be undrawn at closing of the issuance of the Notes. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

(4) As of the date of this Offering Memorandum, the Parent Guarantor holds 2,854,528 Class A Shares (treasury shares) and such shares' voting rights are not exercisable. See "*Principal Shareholders*."

(5) The Notes will be secured: (a) on or about the Issue Date by the Issue Date Collateral consisting of a first-ranking pledge of the Issuer's rights under a proceeds loan to IVS Italia representing the net proceeds of the Offering of the Notes hereby (the "**Proceeds Loan**"), a first-ranking pledge over all of the share capital of the Issuer, a first-ranking pledge over 70% of the share capital of Fast Service and a first-ranking pledge over all of the share capital of S. Italia S.p.A.; and (b) no later than 20 business days subsequent to the Issue Date by the Post-Closing Collateral consisting of a first-ranking pledge over all of the share capital of IVS Italia each as more fully described elsewhere in this Offering Memorandum. See "*Description of the Notes—Security*" and "*Description of Certain Financing Arrangements.*"

(6) The Issuer is a direct, wholly-owned subsidiary of the Parent Guarantor incorporated on March 12, 2013 as a joint stock company (*società per azioni*) under the laws of the Republic of Italy. See "*Presentation of Financial Information—General.*"

(7) Minority stakes are held by third parties in Fast Service and certain of our non-Guarantor subsidiaries. See footnote 7 to our audited consolidated financial statements as of and for the year ended December 31, 2012 for more information. See also "*Risk Factors—Risks Related to Our Capital Structure—We are exposed to risks related to Group companies that include minority shareholders.*"

(8) Our subsidiary VSI is party to a finance agreement governed by Italian law, originally dated as of October 18, 2006, as modified and restated as of June 29, 2009 by and between VSI, as borrower, the Parent Guarantor, as guarantor, Banca Nazionale del Lavoro S.p.A. ("**BNL**"), as facility agent, Centrobanca—Banca di Credito Finanziario e Mobiliare S.p.A. and Interbanca S.p.A. as lenders (the "**VSI Finance Agreement**") secured by a pledge of the shares of VSI and guaranteed by the Parent Guarantor. As of December 31, 2012, €15.3 million was outstanding under the VSI Finance Agreement. For more information, see "*Description of Certain Financing Arrangements—Vending System Italia S.p.A. Financing Agreement*."

(9) Certain non-Guarantor subsidiaries are party to finance leases related to the leasing of our main country offices, warehouses and branch offices recorded as a liability of €10.1 million on our balance sheet as of December 31, 2012. See "*Description of Certain Financing Arrangements—Finance Leases*."

(10) Our subsidiary Coin Partecipazioni S.p.A. is party to a finance agreement in the amount of €5.0 million of which €4.6 million was outstanding as of December 31, 2012. See "*Description of Certain Financing Arrangements—Coin Service Business Finance Debt*." In addition, we are party to certain loan agreements with Coin Partecipazioni S.p.A. and CSH S.r.l. as borrowers and certain minority shareholders as lenders for a total book value of approximately €3.6 million. See "*Description of Certain Financing Arrangements—Coin Shareholder Loans*."

(11) For the year ended December 31, 2012, the Guarantors represented approximately 78% of our total revenues, approximately 76% of our Adjusted EBITDA and approximately 84% of our total assets, respectively. See "*Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral—The Note Guarantees are significantly limited by applicable laws and are subject to certain limitations and defences*," "*Risk Factors—Risks Related to Our Capital Structure—The applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain if it were to be established that the head office of the Parent Guarantor were not in Luxembourg*" and "*Description of the Notes—The Parent Guarantee*."

THE OFFERING

The summary below describes the principal terms of the Notes, the Note Guarantees and the Collateral. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	IVS F. S.p.A., a joint stock company (*società per azioni*) organized under the laws of the Republic of Italy (the "**Issuer**").
Notes Offered	€200,000,000 aggregate principal amount of 7.125% Senior Secured Notes due 2020.
Maturity Date	The Notes will mature on April 1, 2020.
Interest	The Notes will bear interest at a rate of 7.125% per annum.
Issue Price	100.000%.
Interest Payment Date	Interest on the Notes will be payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2013.
Guarantees	The Notes will be guaranteed (the "**Note Guarantees**") on a senior basis by the IVS Group S.A. (the "**Parent Guarantor**") and the following directly held subsidiaries of the Parent Guarantor: IVS Italia, Fast Service and S. Italia (each a "**Subsidiary Guarantor**," collectively, "**Subsidiary Guarantors**" and together with the Parent Guarantor, the "**Guarantors**"). The obligations of the Guarantors will be subject to legal and contractual limitations and may be released in certain circumstances. Moreover, the Note Guarantees of Fast Service and S. Italia are limited to maximum aggregate amounts of €30.0 million and €20.0 million, respectively, as a consequence of applicable Italian corporate law limitations. As of December 31, 2012, after giving *pro forma* effect to the Transactions: • the Parent Guarantor and its consolidated subsidiaries would have had approximately €268.5 million of indebtedness, of which €200.0 million is represented by the Notes; • the Issuer and the Guarantors would have had approximately €201.0 million of secured financial indebtedness; and • the non-guarantor subsidiaries (other than the Issuer) of the Parent Guarantor would have had approximately €60.3 million of financial indebtedness. As of and for the year ended December 31, 2012, the Guarantors represented 78% of our total revenues, 76% of our Adjusted EBITDA and 84% of our total assets. See "*Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral—The Note Guarantees are significantly limited by applicable laws and are subject to certain limitations and defences*," "*Risk Factors—Risks Related to Our Capital Structure—The applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain if it were to be established that the head office of the Parent Guarantor were not in Luxembourg*" and "*Description of the Notes—The Parent Guarantee*."

Security	The obligations of the Issuer and Guarantors under the Notes and the Indenture will be secured, respectively, (a) on or about the Issue Date, by a first-ranking pledge over the Issuer's rights under the Proceeds Loan to IVS Italia representing the net proceeds of the Offering of the Notes hereby and by first-ranking pledges over the share capital of the Issuer and Fast Service and S. Italia the ("**Issue Date Collateral**"), and (b) no later than 20 business days subsequent to the Issue Date, by a first-ranking pledge over the share capital of IVS Italia each as more fully described elsewhere in this Offering Memorandum (the "**Post-Closing Collateral**" and together with the Issue Date Collateral, the "**Collateral**"). See "*Description of the Notes—Security.*" In addition, the Indenture will permit us to secure additional indebtedness with liens on the Collateral under certain circumstances. The security interests may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information on potential limitations to security interests, see "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*."
Ranking	The Notes will be senior obligations of the Issuer and will: • rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; and • be effectively senior to the Issuer's existing and future unsecured indebtedness to the extent of the value of the Collateral securing the Notes. The Note Guarantees to be provided by the Guarantors will be the general obligation of each Guarantor and will: • rank equally in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to its Note Guarantee; • rank senior in right of payment to any and all future indebtedness of such Guarantor that is subordinated in right of payment to its Note Guarantee; and • be structurally subordinated to all existing and future indebtedness of any of such Guarantor's subsidiaries that do not guarantee the Notes (other than the Issuer). See "*Description of the Notes—Brief Description of the Notes and the Note Guarantee*."
Optional Redemption	The Issuer may redeem all or part of the Notes on or after April 1, 2016 at the redemption prices listed in the section entitled "*Description of the Notes—Optional Redemption.*" The Issuer may redeem all or part of the Notes at any time prior to April 1, 2016, by paying a "make-whole" premium as described in the section entitled "*Description of the Notes—Optional Redemption.*"

	At any time prior to April 1, 2016, the Issuer may use the proceeds of specified equity offerings to redeem up to 35% of the original principal amount of the Notes at a redemption price equal to 107.125% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, then due to the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes of such series remains outstanding after the redemption and the redemption occurs within 90 days of the date of the closing of such relevant equity offering. See "*Description of the Notes—Optional Redemption.*"
Tax Redemption	The Issuer may redeem the Notes, in whole but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, if the Issuer or, in certain circumstances, any Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See "*Description of the Notes—Redemption for Changes in Taxes*."
Additional Amounts	All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any applicable withholding agent is required by law to withhold or deduct any such taxes with respect to any payment to the beneficial owner of a Note, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by such beneficial owner of the Notes after such withholding (including any withholding or deduction in respect of the additional amounts) is not less than the amount that such beneficial owner would have received in the absence of such withholding or deductions. See "*Description of the Notes—Additional Amounts*."
	The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) ("**Decree No. 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"), except, in the case of Decree No. 239, where the procedures required under Decree No. 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or the Guarantors. See "*Description of the Notes—Additional Amounts*."

	Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a noteholder is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified by the Italian tax authorities in Ministerial Decree of September 4, 1996 and in the Ministerial Decree to be issued as per Article 168-*bis*, Italian Presidential Decree No. 917 of December 22, 1986) (a "white list country") and such noteholder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, noteholders will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the white list countries.
Change of Control	Upon the occurrence of a change of control of the Parent Guarantor at any time, you will have the right to require the Issuer to repurchase the Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*"
Covenants	The Indenture will, among other things, restrict the ability of the Parent Guarantor and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends or make other distributions on, redeem or repurchase capital stock; • make certain restricted investments; • prepay or redeem subordinated debt; • create or incur certain liens; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or any of its restricted subsidiaries; • sell, lease or transfer certain assets including stock of restricted subsidiaries; • merge or consolidate with other entities; and • enter into certain transactions with affiliates. In addition, the Issuer will provide to the Trustee and to holders of the Notes annual and quarterly reports of the Issuer. These covenants are subject to important exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Use of Proceeds	After payment of approximately €5.0 million of fees and expenses, including the Initial Purchasers' commission and the estimated expenses in respect of the Offering, €143.4 million of the proceeds from the Offering of the Notes will be used to refinance certain existing indebtedness of the Group and €51.6 million of the proceeds from the Offering of the Notes will be used for general corporate purposes, which may include one or more of the following uses: (i) repaying certain indebtedness as it becomes due over the next 12 months (up to €4.0 million), (ii) paying the final installment of the purchase price for the previous acquisition of 70% of the share capital of Fast Service (€14.9 million), (iii) if triggered or exercised, making payment under the put/call option to purchase 30% of the share capital of Fast Service from minority shareholders (as of December 31, 2012, we recorded on our balance sheet a liability of €7.6 million in respect of the such arrangement) and (iv) making selective bolt-on acquisitions. See "*Use of Proceeds*."
Form and Denomination	The Issuer will issue the Notes on the Issue Date in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Transfer Restrictions; Absence of a Public Market for the Notes	The Notes have not been registered under the U.S. Securities Act and thus are subject to restrictions on transferability and resale. The Issuer cannot assure you that a market for the Notes will develop or that, if a market develops, the market will be a liquid market. The Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and any market making with respect to the Notes may be discontinued without notice. See "*Plan of Distribution*."
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Trustee and *Rappresentante Comune*	The Law Debenture Trust Corporation p.l.c.
Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch.
Registrar and Luxembourg Listing Agent	The Bank of New York (Luxembourg) S.A.
Security Agent	BNP Paribas Securities Services.
Governing Law of the Notes, the Indenture and the Note Guarantees	New York.
Governing Law of the Security Documents and Revolving Credit Facility	Italy.

Risk Factors

Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer's registered offices are located at Via dell'Artigianato, 25, 24068 Seriate (BG), Italy. Its telephone number is +39 035 30 16 95.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables present summary consolidated financial information and other data as of and for each of the years ended December 31, 2010, 2011 and 2012. This summary financial information and other data is derived from: (i) the audited consolidated financial statements of the Parent Guarantor and its subsidiaries as of and for the year ended December 31, 2012, prepared in accordance with IFRS, audited by Ernst & Young Luxembourg S.A. and containing the auditors' report therein and (ii) the audited consolidated financial statements of IVS Group Holding and its subsidiaries as of and for the years ended December 31, 2011 and 2010, prepared in accordance with IFRS, audited by Reconta Ernst & Young S.p.A. and containing the auditors' report therein.

The following tables should be read in conjunction with the information contained in "*Presentation of Financial Information*," "*Use of Proceeds*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements and related notes included in this Offering Memorandum.

Summary Consolidated Income Statements:

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Revenue from sales and services	263,453	271,393	286,029
Other revenues and income	6,266	6,973	11,767
Total revenues	**269,719**	**278,366**	**297,796**
Cost of raw materials, supplies and consumables	(68,521)	(71,684)	(73,672)
Cost of services	(28,292)	(30,550)	(36,798)
Personnel costs	(80,811)	(81,726)	(85,230)
Other operating income/(expenses), net	(35,430)	(34,686)	(40,799)
Gains/(losses) from disposal of fixed assets, net	1,629	606	966
Other non-recurring income/(expenses), net	(870)	(2,185)	(29,954)
Depreciation and amortization	(36,973)	(35,565)	(38,282)
Operating profit/(loss)	**20,451**	**22,576**	**(5,973)**
Financial expenses	(10,278)	(14,037)	(11,098)
Financial income	364	744	1,119
Foreign exchange differences and variations in derivatives fair value, net	90	115	1,921
Results of companies valued at net equity	207	127	51
Profit/(loss) before tax	**10,834**	**9,525**	**(13,980)**
Income taxes	(4,970)	(5,926)	(170)
Net profit/(loss) attributable to:			
Owners of the Parent	5,386	2,684	(15,422)
Non-controlling interests	478	915	1,272
Net profit/(loss) for the year:	**5,864**	**3,599**	**(14,150)**

Summary Consolidated Statements of Financial Position:

	As of December 31,		
	2010	2011	2012
	(thousands of €)		
Assets			
Total non-current assets	447,302	496,609	539,988
Total current assets	64,233	110,374	115,763
Total assets	**511,535**	**579,983**	**655,751**
Liabilities			
Total non-current liabilities	322,849	308,485	151,662
Total current liabilities	133,448	211,780	206,015
Total liabilities	**456,297**	**520,265**	**357,677**
Equity attributable to owners of the parent	49,885	52,315	293,889
Equity attributable to non-controlling interests	5,353	7,403	4,185
Total equity	**55,238**	**59,718**	**298,074**
Total equity and liabilities	**511,535**	**579,983**	**655,751**

Summary Consolidated Cash Flow Statements:

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Net cash provided by operating activities	36,250	47,943	20,151
Net cash used in investing activities	(31,383)	(49,933)	(56,345)
Net cash provided by/(used in) financing activities	(5,332)	26,810	28,884
Cash and cash equivalents at the beginning of the year	11,773	11,308	36,127
Cash and cash equivalents at the end of the year	11,308	36,127	28,817
Net change in cash and cash equivalents	(465)	24,820	(7,310)

Other Financial Information:

	As of and for the year ended December 31,		
	2010	2011	2012
	(thousands of €, except percentages)		
Adjusted EBITDA[1]	57,669	59,341	60,756
Adjusted EBITDA margin[2]	21.4%	21.3%	20.4%
Cash provided by operating activities without giving effect to changes in working capital[3]	43,233	43,610	39,872
Capital expenditures for vending machines and related equipment[4]	21,350	21,278	26,548
Adjusted net debt[5]	—	—	176,091
Adjusted interest expense[6]	—	—	15,043
Ratio of Adjusted net debt[5] to Adjusted EBITDA[1]	—	—	2.90x
Ratio of Adjusted EBITDA[2] to Adjusted interest expense[6]	—	—	4.04x

Summary Other Financial and Operational Data:

	For the year ended December 31,		
	2010	2011	2012
Sales from vends (in thousands of euro)[7]	263,453	264,627	274,651
Number of vends (in millions)[8]	664.5	638.2	634.5
Working days[9]	237.8	236.9	237.6
Vends per working day (in thousands)[10]	2,794.4	2,693.3	2,670.1
Average Sale Price ("**ASP**") of sales from vends (in euro cent)[11]	39.6	41.5	43.3
Gross profit per vend (in euro cent)[12]	29.3	30.5	32.0
Adjusted EBITDA[1] per vend (in euro cent)[13]	8.77	9.30	9.58

(1) "Adjusted EBITDA" is defined as operating profit plus depreciation and amortization adjusted for costs and expenses considered by our management to be non-recurring and exceptional in nature. Adjusted EBITDA is not a measurement of performance under IFRS and you should not consider Adjusted EBITDA as an alternative to operating income or consolidated profits as a measure of our operating performance, cash flows from operating, investing and financing activities, as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results. See "*Presentation of Financial Information—Non-IFRS Financial Measures*." The following table sets forth a reconciliation of Adjusted EBITDA for the year from operating profit/(loss):

Reconciliation for the years ended December 31, 2010, 2011 and 2012 from operating profit/(loss) to Adjusted EBITDA:

	As of December 31,		
	2010	2011	2012
	(thousands of €)		
Operating profit/(loss)	20,451	22,576	(5,973)
Depreciation and amortization	36,973	35,565	38,282
Merger-related adjustments[a]	—	—	26,827
Other non-recurring items[b]	245	1,200	1,620
Adjusted EBITDA	**57,669**	**59,341**	**60,756**

(a) Includes (i) a charge of €25.4 million from the income statement for the year ended December 31, 2012, representing the difference between the fair value of the net equity of Italy1 (prior to the acquisition) and the fair value of the Italy1's issued share capital; and (ii) transaction costs related to the Merger equal to approximately €1.4 million.

(b) Other non-recurring items consist of certain other costs and expenses considered by our management to be non-recurring in nature. For 2012 such items include cost corrections due to certain reclassified vending machines, costs associated with the acquisitions of S. Italia and Fast Service.

(2) "Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by total revenues.

(3) The following table sets forth a reconciliation of cash provided by operating activities without giving effect to changes in working capital from cash provided by operating activities:

Reconciliation for the years ended December 31, 2010, 2011 and 2012 from cash provided by operating activities to cash provided by operating activities without giving effect to changes in working capital:

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Cash provided by operating activities	36,250	47,943	20,151
Changes in working capital	6,973	(4,363)	19,721
Cash provided by operating activities without giving effect to changes in working capital	**43,233**	**43,610**	**39,872**

(4) "Capital expenditures for vending machines and related equipment" includes capital expenditures which management believes relate to machines and related equipment purchased and capital expenditures for machines refurbished. For 2012, the numbers presented herein include €7 million for vending machines purchased for the new Poste Italiane Contract. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Capital expenditures: Our vending machine network requires significant capital expenditures which we have sought to mitigate in recent years by focusing on refurbishing our machines to extend their useful life*."

(5) "Adjusted net debt" is defined as net financial indebtedness less derivatives (related to Market Warrants), as adjusted to give effect to the Transactions as if the Transactions had occurred on December 31, 2012. The following table sets forth a reconciliation of Adjusted net debt from non-current financial liabilities. The historical information as of December 31, 2012 is shown on an actual basis for comparative purposes.

	As of December 31, 2012	As adjusted for the Transactions
Non-current financial liabilities	162,510	235,148
Short-term financial liabilities	49,406	33,344
Current financial assets	(4,810)	(4,810)
Cash and cash equivalents	(28,817)	(80,393)
Non-current financial and other assets	(9,761)	(9,761)
Net financial position	**168,528**	**173,528**
Non-current financial and other assets	9,761	9,761
Net financial indebtedness	**178,289**	**183,289**
Derivatives—Market Warrants	(7,198)	(7,198)
Adjusted net debt	**171,091**	**176,091**

(6) "Adjusted interest expense" is defined as the interest expense on the Notes and the other outstanding indebtedness following the Transactions, in each case giving effect to the Offering for the year ended December 31, 2012, as if the Transactions had occurred on January 1, 2012, based upon the actual coupon of the Notes equal to an interest rate of 7.125% per annum. Adjusted interest expense excludes charges allocated to debt issuance costs. Adjusted interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period of our financial condition at any future date. Adjusted interest expense does not include interest income, except from overdrafts related to our Coin Service Business.

(7) "Sales from vends" is defined as the income from the products sold by the vending machines installed by us on customer premises.

(8) "Number of vends" is defined as the number of products sold by our vending machines at customer premises.

(9) "Working days" is defined as the total number of working days in Italy comprised in each calendar year.

(10) "Vends per working day" is defined as the number of vends divided by the number working days.

(11) "Average Sales Price" is defined as sales from vends divided by the number of vends.

(12) "Gross profit per vend" is defined as gross operating profit from continuing operations in our Vending Business divided by the number of vends.

(13) "Adjusted EBITDA per vend" is defined as Adjusted EBITDA divided by the number of vends.

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition, results of operations or prospects.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Related to Our Business

Our business, financial condition and results of operations may be adversely affected by the current unfavorable economic conditions in our primary markets of Italy, France and Spain and by market perceptions concerning Italy in particular.

The global financial and credit markets continue to be volatile in many markets and non-financial sectors of the world economy have also suffered in recent years, resulting in a general contraction in consumer spending that varies by market. Many European economies have faced and continue to risk sovereign debt crises and have received financial assistance from the International Monetary Fund and the European Financial Stability Facility as the credit rating agencies continued to cut their ratings and post a negative outlook throughout 2012. Despite such measures, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone.

Such economic contagion has also spread to Italy, where we generated 87% of our revenues in 2012. In January 2012, Standard and Poor's downgraded its debt rating of Italy from "A" to "BBB+" with a "negative outlook", reflecting its view as to Italy's increasing vulnerability to external financing risks and the negative implications these could have for economic growth and hence public finances. In the same month Fitch Ratings downgraded its long-term credit assessment of Italy from "A+" to "A−" with a "negative outlook." Moody's also downgraded its sovereign debt rating of Italy from "A2" to "A3" with a "negative outlook" in February 2012 followed by a further downgrade to "Baa2" in July 2012, citing fragile market confidence and deterioration in Italy's near-term economic outlook. In November 2011 and in December 2011, Italy passed a €59.8 billion austerity package and an approximately €30 billion austerity package, respectively, that sought to achieve savings from a mixture of spending cuts and tax increases. Measures included sales of state property, a freeze on public sector salaries until 2014 and measures to fight tax evasion. Following parliamentary approval of the November 2011 package, Italy's Prime Minister, Silvio Berlusconi, resigned and was succeeded by Mario Monti. Prime Minister Monti continued this austerity program but resigned in late December 2012; subsequent elections in February 2013 did not result in any one political party garnering sufficient support to independently form a government, as a result, there is doubt as to whether a coalition government can be formed or whether new elections will be needed. Citing the political uncertainty, Fitch Ratings further downgraded Italy from "A−" to "BBB+" in March 2013 with a "negative outlook." Such economic and political developments have had a negative impact on Italy's growth, and continued uncertainty could lead to further deterioration of market perceptions thereof.

According to the Italian National Statistical Institute ("**ISTAT**"), Italy's GDP at constant prices grew at only 1.9% and 0.4% in 2010 and 2011, respectively, and contracted by 2.4% in 2012. ISTAT estimates that Italy's GDP will further contract by 0.5% in 2013. Inflation averaged 3.0% in 2012, and is expected to decrease to 2.0% in 2013. ISTAT also reported that labor unit cost decreased by 1.2% in 2012 and is expected to further decrease by 0.5% in 2013. In addition, according to Eurostat, unemployment in Italy rose from approximately 8% in 2010 to over 11% by the end of 2012. Recessionary conditions and

uncertainty in the macroeconomic environment may adversely impact our customers' decision to contract for a vending machine on their premises as well as consumers discretionary consumption patterns. Approximately three quarters of our vending machines are located in companies and the majority of our vends occur during the working week, and there is therefore a correlation between the total number of items sold through vending machines and GDP, due primarily to reductions of workforces during recessionary periods and decreased purchase power among consumers. Employee retrenchment and uncertain economic prospects may lead consumers to make fewer snack and in-between meal purchases from our vending machines.

Approximately 8% and 5% of our revenues for the year ended December 31, 2012 was generated in France and Spain, respectively. According to the World Bank, France's GDP grew at 1.7% in 2010 and 2011 whereas Spain's GDP contracted at 0.3% in 2010 and grew at just 0.4% in 2011. PricewaterhouseCoopers projects real GDP to grow 0.1% in 2012 and 0.4% in 2013 in France and to contract by 1.5% in 2012 and 1.1% in 2013 in Spain. France has experienced unemployment rates over 9% since 2010 which has curtailed consumer spending. In Spain, unemployment rates have risen above 25% through the end of 2012 and significant government debt and austerity measures have likewise reduced consumer spending. Continued and protracted adverse economic conditions in France and Spain could adversely affect our business, financial condition and results of operations.

In addition, as the global financial system has experienced severe credit and liquidity conditions and disruptions, leading to a reduction in liquidity, greater volatility, general widening of credit spreads and, in some cases, lack of transparency in money and capital markets, many lenders have reduced or ceased to provide funding to borrowers. If these conditions, together with the sovereign debt crisis in Italy, continue or worsen, it could negatively affect our ability to raise funding in the debt capital markets and/or access bank lending markets on financial terms acceptable to us or at all. As a result, our financial condition may be adversely impacted and costs of financing may significantly increase which could have a material adverse effect on our business, financial condition and results of operations, with a consequent adverse effect on the our ability to meet our financial obligations, including under the Notes.

The continued impact of the adverse global, Italian, French and Spanish economic and market conditions, including, among others, the events described above could have a material adverse effect on our business, financial condition and results of operations.

We have historically and intend to continue selectively acquire competitors in our industry from time to time as part of our business strategies; however, we may not realize all of the anticipated benefits of past or future acquisitions, we may not successfully consummate acquisitions or integrate acquired businesses and acquisitions may carry unexpected liabilities.

We have historically and we intend to continue to grow our business in part through selective acquisitions, primarily in Italy, because management believes that our successful growth is dependent on increased vending machine density which we believe will generate logistical, distribution and maintenance synergies and therefore increase revenue and profitability. In addition, we may also consider small bolt-on acquisitions in France and Spain, markets in which we operate more limited branch networks. Furthermore, our business strategies could include joint ventures and other business combinations within or outside of Italy.

Growth can place significant strain on our management resources and financial and accounting control systems. In addition, our ability to engage in strategic acquisitions may depend on our ability to raise substantial capital and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all. Our management needs to identify appropriate investments and subsequently integrate, train and manage increased numbers of employees as we acquire new companies or assets. Although we analyze and conduct due diligence on acquisition targets, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and our inquiries may fail to uncover relevant information. There can be no assurance that our assessments or due diligence of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. Unprofitable investments or an inability to integrate or manage new investments could adversely affect our results of operations. In addition, potential synergies that our management identifies in connection with recently made and future acquisitions may not be attained due to a variety of factors such as technological incompatibility, logistical

difficulties or regional variations in consumer preferences. Any future acquisitions or investments will also involve financial, managerial and operational challenges, including:

- the diversion of management attention from other business concerns;
- difficulties related integrating businesses, operations, personnel and financial and other systems;
- difficulties in obtaining regulatory approvals;
- increased indebtedness to finance the acquisitions;
- increased leverage leading to an associated reduction in the ratings of our debt securities;
- an adverse impact on our various financial ratios;
- the potential loss of key employees and customers;
- the assumption of and exposure to unknown or contingent liabilities of acquired businesses; and
- potential disputes with sellers, including concerning earn-out and put and call agreements we have concluded with selling shareholders and minority shareholders.

In addition, we could experience financial or other setbacks if any of the businesses that we have acquired or may acquire in the future have problems of which we are not aware or liabilities that exceed our expectations. We may not overcome problems encountered in connection with potential acquisitions, completed acquisitions or other expansion, and such problems could have a material adverse effect on our business, financial condition and results of operations. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Factors Affecting the Comparability of our Results of Operations—Acquisitions*."

Payment of increased usage fees to customers could negatively affect our business.

We are required to pay a usage fee (sometimes called a "redevance" cost) to place vending machines in public spaces and certain corporate locations. These fees have increased in recent years due in part to the difficult macroeconomic environment and we face pressure from our customers to increase the fees we pay to place our vending machines on their premises. If we are unable to respond effectively to ongoing pricing-related pressures, our profitability could suffer and/or we may fail to win or retain certain accounts. Our fee arrangements are based on our evaluation of unique factors with each customer, including, among other factors, total revenues, long-term, non-cancellable contracts, placement of our vending machines in high-traffic locations and the demographics of the relevant location. Together with other factors, an increase in royalties paid, or other financial concessions made, to our customers could significantly increase our direct operating expenses in future periods and have a material adverse effect on our business, financial condition and results of operations.

The food and beverage industry is highly regulated and our business could be materially adversely affected by changes in governmental regulation and legislation or by associated compliance costs. Moreover, failure to comply with governmental regulations could result in the imposition of fines or restrictions on operations and remedial liabilities.

The food and beverage industry is highly regulated by local, national and European legislation related to nutritional information, food safety and hygiene, public tenders for placement of vending machines on public premises and increasingly, broader public health and diet concerns. For example, EU Regulation 853/2004 regulates, among other things, the temperature settings of vending machines that stock products made from or containing animal products, such as meats and cheeses. National legislation mandates, among other things, the temperatures we must store certain products. We may also be affected in the future by requirements regarding energy consumption of our vending machines and the use of recyclable or biodegradable containers in connection with our Office Coffee Service machines. In addition, diet concerns motivate certain regulations that affect the products we can offer for sale in our vending machines. France, for example, only allows vending machines in schools to stock products such as edible seeds, unsalted nuts and fruit and vegetables. No confectionery, chocolates or crisps are allowed and the only permissible beverages are water, pure fruit juices, yoghurt and milk drinks, low-calorie hot chocolate, tea and coffee. The restrictions placed on the French market in relation to vending machines in schools may become more widespread, even in the private sector. Such restrictions could require us to stock less profitable products in our vending machines and/or products that are less appealing to consumers and generate less revenue. If this were to occur in France, and/or if such regulations were to spread to Italy or

Spain, then it may have a material adverse effect on our business, financial condition and results of operations. See "*Business—Regulation*."

In addition, compliance with laws and regulations requires substantial capital expenditures, and failure to comply could result in the imposition of fines and other remedial measures (including the shutdown of the premises). Any such costs could adversely affect our business, financial condition and results of operations. Moreover, applicable laws and regulations could change or be interpreted differently, which could result in substantially similar risks.

The success of our Vending Business depends on customer and consumer preferences, technological innovations and the user experience of the vending machines we operate.

We are a consumer products company operating in the highly competitive in-between meals, snack, confectionary and caffeinated beverages segments of the food and beverage market. Changes in customer and consumer preferences affect both the demand for new vending machines and the volume of product sales therefrom. Any significant changes in consumer preferences or any inability on our part to anticipate or react to such changes could result in reduced demand for our products and erosion of our competitive and financial position. Our success depends on the ability to respond to consumer trends, including concerns of consumers regarding health and wellness, obesity, product attributes and ingredients. In addition, changes in product category consumption or consumer demographics could result in reduced demand for our products. Consumer preferences may shift due to a variety of factors, including the aging of the general population, changes in social trends, changes in travel, vacation or leisure activity patterns, weather, or negative publicity resulting from regulatory action or litigation against companies in the in-between meals and snack food industry. Any of these changes may reduce consumers' willingness to purchase the products we sell and negatively impact our business, financial condition and results of operations.

In addition, we believe that technological advances may emerge and that existing technologies may be further developed in fields in which we operate, both of which could impact our business and require significant investments. For example, affordable wireless technology could provide a practical medium through which cashless payments could be effected. Furthermore, the ability to transmit sales and stock data remotely (telemetry) could lead to significant developments in the vending industry. Other technological advances are being developed which include payments via mobile phone, machines equipped with Internet browsers, machines that speak to the visually impaired, as well as environmentally-friendly machines which use less energy. Our inability to adopt advances in technology may adversely affect our growth prospects, financial condition and results of operations. Our continued success also is dependent on product innovation, both in terms of developing ever more advanced vending machines as well as our ability to source new food and beverage products from our suppliers. We must then translate such changes into further sales to customers and consumers. Staying abreast of technological changes necessarily entails capital expenditures, which could be above our projections or strain our cash flow position. Although we believe we have always been on the vanguard of technological innovation in the vending machine operator industry, there can be no assurance that we can acquire or implement successfully new models or variants of existing models and/or that we will be successful in stocking such vending machines with the products that will be most appealing to consumers.

Finally, our success is also dependent on the user experience of the vending machines we operate. To generate revenues and profits, we must stock food and beverage products that appeal to consumer preferences in vending machines that consistently and reliably dispense the products we offer. If users encounter vending machines that have been impacted by vandalism, malfunction or that contain undesirable products, our reputation may suffer and consumers may be deterred from patronizing our vending machines, leading to lower revenue. Though we invest significant sums in monitoring the functioning of our vending machines, we cannot assure you that we will be successful in sustaining a positive user experience.

We operate in highly competitive industries, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our services.

The market segment of the food and beverage sector for in-between meals and snacks is highly competitive. Depending on location, our vending machines compete with many well-established cafés, fast-food restaurants, delicatessens, sandwich shops, take-out and food-delivery service companies, convenience stores and supermarkets. Our Office Coffee Services business competes with cafés, specialty

coffee retailers and fast-food restaurants. As a result of this competitive environment, our suppliers have significant bargaining advantages because of the multiple channels through which they can sell and/or distribute their products.

In general, we believe the vending machine operator sector is characterized by extensive logistics, distribution and maintenance service requirements, the management of which is difficult and expensive for potential new entrants. Although we believe that there are relatively few companies in the vending machine operator business have the scale to compete with us, consolidation in the industry among existing operators could adversely affect us. Presently the market is highly fragmented and we believe we enjoy a strong competitive position, but we can provide no assurance that this will continue in the future.

To compete in the highly competitive vending machine operator market, we intend to continue investing in both our existing network of vending machines as well as deploying next-generation vending machines to expand the our business. However, as we expand, we may face significant competition from domestic and overseas players, particularly in France and Spain where we have limited market share and geographic coverage. Certain competitors may have greater capital and other resources and superior brand recognition than us and may be able to provide more sophisticated vending machines or adopt more aggressive pricing policies. These competitors may be able to undertake more extensive marketing campaigns, secure the most advantageous locations for their vending machines or otherwise make more attractive offers to customers and consumers. There can be no assurance that we will be able to compete successfully in such a marketplace and a loss in market share or other factors described above may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we face constraints on our ability to increase prices in response to competitive pressures or otherwise. For example, as of December 31, 2012, our Vending Business operated approximately 144,000 vending machines in three countries. As a technical matter, we have limited abilities to quickly reflect higher prices for our products stocked in our vending machines—machines must be reconfigured, in some cases at our facilities, to process different prices and in other cases displays must be manually updated—such actions usually require that the relevant vending machines be out of order for a period, reducing vends, and we may face increased logistical expenses associated with employee wages. Additionally, increasing operating costs, including redevance cost arrangements with certain customers, may offset improvements on margins that rising prices might otherwise produce. As a result, we cannot assure you that competitive forces will not require us to make investments into our vending machine stock, or that we can increase prices with sufficient flexibility and speed to preserve or increase on our margins, any of which could have a material adverse effect on our business, financial position and results of operations.

A failure of our key information technology, inventory management and maintenance systems or processes could have a material adverse effect on our ability to conduct our business.

We rely extensively on information technology, inventory management and maintenance systems to monitor the status of tens of thousands of vending machines. We also utilize a management software to manage our Coin Service Business. These systems and processes include, but are not limited to, ordering and managing stock from suppliers, coordinating the logistics of restocking of our vending machines, distributing products to various locations, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. Because we believe our systems represent a significant competitive advantage, if such systems are damaged or cease to function properly, we may suffer interruptions in our ability to manage operations which could reduce our vends by impeding our ability to distribute products and restock our vending machines. These interruptions could be caused by any number of events, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate on a timely basis, or if our employees knowledgeable about such systems are unavailable or cease to work for us. Moreover, because consumer decisions to purchase snack food and other in-between meals products are contextually specific and can change on a day to day basis (or even during the course of a day), a lost vend due to a vending machine malfunction or a lack of stock cannot typically be recouped once the malfunction has been addressed and/or the vending machine has been restocked (i.e. a consumer who cannot purchase a product one day because of a malfunction would not typically, as a result, purchase two such products the following day once the malfunction has been addressed). Failures in our systems could therefore reduce our revenues, adversely affect our reputation among consumers and/or our customers, compromise our competitive position or otherwise have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply and logistics chain could adversely affect us.

A disruption in our supply and logistics chain caused by transportation disruptions, customs delays or increased expenses (for instance related to the fuel of our vehicles), labor strikes, product recalls or any other unforeseen events could adversely affect our ability to restock our vending machines or repair, maintain and retrofit our vending machines. If we cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and revenues could be reduced until we are able to address the situation and, as indicated above, we would be unlikely to recoup the loss of such vends. See "*—A failure of our key information technology, inventory management and maintenance systems or processes could have a material adverse effect on our ability to conduct our business.*" These events could reduce our revenues, require additional resources to restore our supply and logistics chain or otherwise adversely affect our business, financial condition and results of operations.

We are reliant on certain key manufacturers for the production of the vending machines we require to operate and expand our business.

We do not manufacture new vending machines, though we do have own our vending machine refurbishment and customization capabilities. For new machines, we primarily rely on four manufacturers to supply us with the vending machines we require to operate and expand our business. We rely on these manufacturers to produce high-quality vending machines in adequate quantities to meet customer demands. The recent financial crisis has had a significant adverse effect on the financial position of certain of our suppliers, some of which are in financial distress. If one or more of our vending machine manufacturer partners were to experience severe financial difficulties or cease operations, our ability to source new vending machines or component parts could be disrupted and a prolonged interruption could significantly adversely affect our business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines in sufficient quantities, whether as a result of a natural disaster, labor strikes or other causes, could have a material adverse effect on our business, financial condition and results of operations.

Our business is exposed to fluctuations in costs related to fuel and other transportation inputs, food, coffee and other commodity prices.

Our business is exposed to various fuel and other transportation inputs, food, coffee and other commodity prices. Our Vending Business relies on frequent restocking and maintenance of vending machines at a multitude of locations while our Coin Service Business requires many trips to collect and deliver coins. As a result, we are exposed to fluctuations in costs related to fuel and other transportation inputs. In addition, we procure food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities, such as corn which may affect the price of crisps and beverages sweetened with corn syrup and plastics which may affect the price of the packaging component of the products we procure. We sell hot coffee drinks through our Office Coffee Services business (approximately 7% of revenues for the year ended December 31, 2012) and through vending machines which include hot beverage options (approximately 48% of revenues for the year ended December 31, 2012). Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economics in the producing countries. There can be no assurance that we will be successful in passing on cost increases to customers without losses in vends, revenues or gross margin.

Our Coin Service Business may not contribute to our revenues to the degree that we expect.

In March 2011, we acquired our Coin Service Business, representing a new business area for us. Any efforts to grow our Coin Service Business may divert significant resources and management attention from our Vending Business which could have a material adverse effect on our business, financial condition and results of operations. Moreover, to the extent that coins fall out of favor by consumers or otherwise are replaced by banknotes or electronic methods of payments, our Coin Service Business may be adversely affected.

Our Coin Service Business involves the movement of large sums of money, and, as a result, our business is particularly dependent on our ability to process and settle transactions securely, accurately and efficiently.

Our Coin Service Business, which represented approximately 4% of our revenues for the year ended December 31, 2012, requires the effective transfer of large sums of money between many different

locations. In the year ended December 31, 2012, we performed coin management, including collection, packaging and delivery for approximately €1,000 million equivalent in coins from both our vending machines and for a variety of third-party customers, including banks, large retailers, parking and vending operators, train and highway stations ticket offices and public authorities. Our Coin Service Business is also a regulated activity and breach of applicable rules may result in fines and/or criminal sanctions. Furthermore, because we are responsible for large sums of money that are substantially greater than the revenues generated, the success of our business particularly depends upon the efficient, secure, and error-free handling of the money. We rely on the ability of our employees and our operating systems and network to process these transactions in a secure, efficient, uninterrupted and error-free manner. Transportation of large sums of money also exposes us to the risk of loss or theft. In the event of a breakdown, catastrophic event, security breach, improper operation or any other event impacting our systems or network or our vendors' systems or processes, or improper actions taken by employees, or third parties, we could suffer financial loss, loss of consumers or the sums entrusted to us, damage to our reputation.

Our business requires capital expenditures which may divert significant cash flow from other investments or uses, including debt servicing.

We currently manage approximately 144,000 vending machines in our Vending Business, including automatic vending machines and semi-automatic vending machines. As part of our business model, we acquire new vending machines for new customer sites, we refurbish vending machines and we replace those that reach obsolescence, both from our existing installed vending machine base and those of the companies we may acquire. In the year ended December 31, 2012, 2011 and 2010, our total capital expenditures for vending machines and related equipment were €21.4 million, €21.3 million and €26.5 million, respectively. Though we have established our own in-house maintenance and repair capabilities, we can provide no assurance that our capital expenditure will not increase, and such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on our business, financial condition and results of operations.

Certain products we sell are susceptible to seasonal variation and sustained periods of abnormal weather can have a material adverse effect on our business.

Our vends of certain products have historically been affected by seasonal variation. Our vending machines include cold drinks, ice cream and water which have historically tended to enjoy increased vends during the summer months. Coffee vends exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices and government buildings, where vends are lower during holiday times. In addition, severe weather can influence consumer traffic patterns in high-traffic areas. If transportation services are closed due to heavy snow or rain, our vending machines in those locations will effectively have no patrons and vends lost on a particular business day cannot typically be recouped in the future. See "*—A failure of our key information technology, inventory management and maintenance systems or processes could have a material adverse effect on our ability to conduct our business.*" There can be no assurance that we will continue to manage effectively the stocking of our products influenced by seasonal variation or that severe weather events will not reduce our vends at certain locations, the occurrence of which could have a material adverse effect on our business, financial condition and results of operation.

Perishable food product losses could materially impact our results.

The products we stock in the vending machines we operate include fresh fruit, yoghurts and other perishable items. Due to regulatory and consumer efforts and our responses thereto, we may increase the amount of fresh and perishable products in our automatic vending machines, which could result in greater costs connected with restocking and removal of expired or perishable food items. We rely upon our inventory and distribution system and upon our logistics professionals to monitor the status of our vending machines. Although our agreements with certain suppliers allow us to return expired or unusable food products, potential extended power outages or transportation delays could result in perishable food losses which could cause us to lose vends, could adversely affect our reputation among customers or consumers or could otherwise have a material adverse effect on our business, financial condition and results of operations.

The loss of major customers and/or the inability to establish new customer relationships could adversely affect our business, financial condition and results of operations.

We place our vending machines through contracts with third parties, primarily through relationships with numerous small private customers and to a certain extent, arrangements with large institutional customers. Vending machines placed with our large institutional customers are concentrated at key traffic sites at train and subway stations, highway service stations and airports. During the year ended December 31, 2012, our top 100 customers (which may include affiliates of the same groups) and top 20 customers in Italy accounted for approximately 27% and 14% of our Vending Business revenue, respectively, while in France and Spain, our top 100 customers accounted for approximately one third and half of our total Vending Business revenue generated in those countries, respectively.

Most of our arrangements with institutional customers are evidenced by written contracts which have terms that generally range from two to six years and contain termination clauses as well as automatic renewal clauses, in certain specific cases connected to the attainment of certain revenue targets. During the term of these arrangements, we have exclusive rights to place vending machines at specified locations. We compete to maintain existing accounts and to establish new relationships in our core markets, however we can give no assurance of our ability to renew existing contracts or enter into new contracts. We also maintain contracts with public and local entities and establishments that provide public services, such as hospitals, government buildings and schools, which have terms that generally range from three to five years and, pursuant to EU and Italian public tenders law, such contracts cannot be renewed absent a new auction process involving at least five participants. We can give no assurance that we can successfully compete in subsequent auction processes for public service contracts, or that such public service establishments will continue to welcome vending machines on their premises. We are also subject to risk that contracts with certain customers could face legal challenge because the relevant contracting entity determined that the public tender rules were not applicable and therefore, were not followed or that the contracts were entered into without an auction process.

While we believe that our customer base is diverse, we can provide no assurance that the loss of any single customer or group of customers would not materially adversely affect our business, financial condition and results of operations. In addition, if we are unable to effectively redeploy vending machines from discontinued locations on a timely basis to equally desirable locations, our business, financial condition and results of operations could be adversely affected.

We are from time to time involved in various tax audits and investigations and we may face tax liabilities in the future.

We are from time to time subject to tax audits and investigations by the tax authorities in the countries where we operate, which include investigations with respect to the direct tax and indirect tax regime of any of our transactions and/or value-added tax classification of products sold through our vending machines. Adverse developments in these laws or regulations, or any change in position by the relevant taxing authority regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the relevant tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our transactions or financing arrangements, which could result in unfavorable tax treatment for such transactions or arrangements, and possibly lead to significant fines or penalties. It may be necessary to defend our tax filings in court if a reasonable settlement cannot be reached with the relevant tax authorities and such ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, financial condition and results of operations.

Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance.

We operate a significant number of facilities and a large vehicle fleet dedicated to restocking. Our vending machine network represents our single largest fixed asset. We currently have in place a number of different

insurance policies that cover property damage, environmental liabilities and losses due to the interruption of our business, subject to customary conditions. Our vending machines are insured against third party claims and they carry certain insurance protection against damage or vandalism. Our other fixed assets, such as technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment, are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage.

We believe that our insurance coverage is adequate to cover the risk of loss resulting from any damage to our property or the interruption of any of our business operations. However, the insurance policies are subject to limits and exclusions. Furthermore, we do not have insurance coverage for all interruptions as a result of operational risks because such risks cannot be insured or can only be insured on unreasonable terms. There can be no assurance that our insurance program would be sufficient to cover all potential losses, that we will be able to obtain sufficient levels of property insurance coverage in the future or that such coverage will be available on terms acceptable to us. In addition, recent turmoil and volatility in the global financial markets may adversely affect the insurance market. This may result in some of the insurers in our insurance portfolio failing and being unable to pay their share of claims.

Moreover, certain types of losses, such as those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts, breach of law or regulation, may be uninsurable or not economically insurable. In addition, there is no protection against the risk that customers will fail to pay in fully or on time. We will use our discretion in determining amounts, coverage limits, deductibility provisions and the appropriateness of self-insuring with a view to maintaining appropriate insurance coverage at a reasonable cost and on suitable terms. If we suffer an uninsured or underinsured loss, we could lose all or a portion of the capital we have invested in a business or property as well as the anticipated future revenues from such business or property. Such uninsured or underinsured losses could harm our business, financial condition and results of operations.

We are exposed to credit risk related to our customers which may cause us to make larger allowances for doubtful trade receivables or incur write-offs related to impaired debts.

As of December 31, 2012, we had approximately €19.1 million in trade receivables from customers resulting from sales hot beverage single-use drink pods (mostly coffee), cups and stirrers which we provide to our Office Coffee Services customers and typically invoice our customers at the time of each delivery. Although we review the credit risk related to our customers regularly, such risks may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. While many customers pay their receivables within 30 to 60 days, and we experienced a 5% decrease in the amount of trade receivables that are overdue by 91 days from 2011 to 2012, we experienced a 71% increase from 2010 to 2011. Our allowance for impairment was €1.0 million as of December 31, 2012, representing approximately 5% of our gross trade receivables but we cannot guarantee that these provisions will be sufficient. The amount of our provision for bad debts is based on our assessment of historical collection trends, business and economic conditions and other collection indicators. However, we can make no assurance that bad debts associated with delinquent payments or nonpayment by our corporate customers will not increase.

In addition, as of December 31, 2012, we had approximately €32.8 million in unpaid VAT refunds due to us from the Italian government. When we purchase our inventory in Italy, we pay VAT equal to 21% (to increase to 22% in July 2013) of the purchase price. When consumers purchase items from our vending machines, however, they pay VAT equal to only approximately 4%, due to the favorable VAT regime applicable to basic foodstuffs sold to consumers. Pursuant to applicable law, the Italian government refunds to us the difference in VAT we pay to purchase inventory and the VAT paid by consumers. However, these payments have been significantly delayed and such delays have become exacerbated in recent years. VAT refunds sometimes take as long as two years and we have no way of knowing if such payment periods will be extended further in the future. Moreover, any tax audits or investigations as well as any tax litigation may result in significant delays in the payment of such VAT refunds.

If the macroeconomic conditions in Italy, France and Spain continue to deteriorate, we cannot assure you that we will not have to increase our provisions for impaired debts relating to debts owed to us, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations could be adversely affected if we are unable to retain key employees.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategies depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us. In the event that such key personnel choose not to remain with us, there is a risk that they may join a competing business. While employment contracts for key personnel contain non-compete arrangements, there is no assurance that these arrangements will be enforceable. Furthermore, there may be a limited number of persons with the requisite skills to serve in these positions and we may be unable to replace key employees with qualified personnel on acceptable terms. Our ability to recruit, motivate and retain personnel is important to our success and there can be no assurance that we will be able to do so given the market in which we operate.

We may face labor disruptions that could interfere with our operations and have a material adverse effect on our business, financial condition and results of operations.

We currently employ more than 1,650 employees in Italy and more than 200 employees in each of France and Spain. Although management believes that its relationship with employees is generally good, there can be no assurance that there will not be labor disputes and/or adverse employee relations in the future. Disruptions of business operations due to strikes or similar measures by our employees or the employees or any of our significant suppliers could have a material adverse effect on our business, financial condition and results of operations. See "*—A failure of our key information technology, inventory management and maintenance systems or processes could have a material adverse effect on our ability to conduct our business.*"

Higher employment costs may have a material adverse effect on our business, financial condition and results of operations.

Labor costs have been increasing steadily in our business over the past several years. Our labor costs may rise faster than expected in the future as a result of increased workforce activism, government decrees and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees. We may not manage to offset the increase in labor costs through productivity gains. If employment costs increase further, our operating costs will increase, which could, if we cannot recover these costs from our customers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on our business, financial condition and results of operations.

Any negative impact on the reputation of the brand names of certain of the key products we sell may adversely affect our competitive position. We may also be affected by failure to protect our proprietary know-how and trade secrets.

We stock and sell in our vending machines certain brand name products (for example, coffee brands such as Nespresso™ or Lavazza™) whose brands are owned by our suppliers or other third parties. We have limited control over such brands and any failure on the part of the owners of such brands to defend their intellectual property rights or preserve and build their brands' reputations could compromise such reputations or the public's perception of such brands, diminishing the value of such brands and potentially adversely impacting our sales and/or our own reputation.

We also rely upon unpatented proprietary know-how and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, there can be no assurances that our confidentiality agreements will not be breached; such agreements will provide meaningful protection for our trade secrets or proprietary know-how; or adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets or know-how. In addition, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Such resultant intellectual property litigation could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could harm our business significantly.

We may engage in hedging transactions in an attempt to mitigate exposure to interest rate fluctuations and other portfolio positions which may be unsuccessful or expose us to contingent liabilities.

We may utilize derivative instruments, including options and futures, to hedge against fluctuations in interest rates. For a variety of reasons, we may not elect to correlate our exposure and such hedging activity, leaving us exposed to interest rate variations. Conversely, we may enter into hedging transactions

upon belief that rates are trending in a particular direction only to discover that rates exhibit the opposite behavior; derivative transactions may be costly to unwind or may prevent us from realizing gains from favorable interest rate environments. The occurrence of any such circumstances could have a material adverse effect on our business, financial condition and results of operations.

We are susceptible to claims of anti-competitive practices.

Part of our overall strategy is to be a market leader in the markets where we operate. For this reason and taking into particular consideration our leading position in Italy, we may be accused of the abuse of our position or the use of anti-competitive practices. This risk may increase in the event we acquire companies that have strong market leading position in Italy or any of the other countries in which we operate. Any such claims could adversely affect our reputation, potentially result in legal proceedings that could have an impact on our business, financial condition and results of operations and require us to divest assets in markets where we have a dominant position. Such claims could also impair our acquisition growth strategy. Before certain future acquisitions may be consummated, we may need to seek approvals and consents from regulatory agencies or there may be applicable waiting periods that will need to expire. We may be unable to obtain such regulatory approvals or consents, or in order to obtain them, we may be required to dispose of assets or take other actions that could have the effect of reducing our vends, profit, or cash flows. Even if regulatory authorities do not require disposals or other actions, the regulatory approval process triggered by our leading position or claims of anti-competitive practices may have the effect of delaying acquisitions.

We are subject to risks related to litigation and other legal proceedings in the normal course of our business and otherwise.

We are subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of our business and otherwise. From time to time, we have been party as defendant or plaintiff in various claims and lawsuits incidental to the ordinary course of our business, such as those related to labor issues, restitution of retainers, and challenges to public tenders won or lost. While we believe none of the legal proceedings to which we are party expose us to material liabilities, the results of pending or future legal proceedings are inherently difficult to predict and we can provide no assurance that we will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision we may set aside in respect of such proceedings or actions or that exceed any insurance coverage available, which may have a material adverse effect on our business, financial position and results of operations.

Risks Related to Our Capital Structure

The Issuer is a finance subsidiary that has no revenue-generating operations of its own and depends on cash received from the Proceeds Loan to be able to make payments on the Notes.

The Issuer is a newly formed finance subsidiary, conducts no business operations of its own, and has not engaged in any activities other than the issuance of the Notes and the on-lending of the proceeds from such issuance to IVS Italia. The Issuer has no subsidiaries and its only material assets and only sources of revenue are its rights to receive payments under the Proceeds Loan. The ability of the Issuer to make payments on the Notes is, therefore, dependent on the payments received pursuant to the Proceeds Loan. If the payments under the Proceeds Loan are not made by IVS Italia, for whatever reason, the Issuer may not have any other sources of funds available to it that would permit it to make payments under the Notes. In such event, holders of the Notes would have to rely upon claims for payment under the Note Guarantees, which are subject to the risks and limitations described herein.

The Parent Guarantor is largely dependent on receiving payments from other members of the Group to make payments on its Note Guarantee or meet its other obligations. Such other members may not be able to make such payments in some circumstances.

The Parent Guarantor is a holding company, with limited revenue-generating operations of its own. As a result, in order to make payments on the Notes or meet its other obligations, the Parent Guarantor will be dependent upon receiving payments from its subsidiaries in the form of dividends and the making, or repayment, of loans and advances to the Parent Guarantor. Such payments may be restricted. The ability of our subsidiaries to make payments to the Parent Guarantor will depend upon their cash flows or earnings, which, in turn, will be affected by all of the factors discussed in these "*Risk Factors*." Furthermore, certain of our operating subsidiaries have debt agreements which may restrict the ability of certain members of our

Group to make distributions or other payments to creditors. See also "*Description of Certain Financing Arrangements.*" We cannot assure you that arrangements with the Parent Guarantor's subsidiaries will provide the Parent Guarantor with sufficient dividends, distributions or loans to fund payments on the Note Guarantees if and when required.

We are controlled by IVS Partecipazioni S.p.A. whose interests may not be fully aligned with the interests of the holders of the Notes.

As of the date of this Offering Memorandum, IVS Partecipazioni S.p.A. (the "**IVS Partecipazioni**"), a vehicle formed by Mr. Cesare Cerea and certain other legacy shareholders of IVS Group Holding beneficially owns 63.8% of the Parent Guarantor's Class A Shares and effectively controls 66.2% of our voting rights. See "*Principal Shareholders—Our Controlling Shareholder*." In addition, as of November 19, 2012 (the last date on which the Issuer has information), certain persons connected to Italy Investment 1 S.A. (the "**Founders**") held 3.5% of our Class A Shares and 100.0% of our Class B2 and Class B3 Shares. Pursuant to a shareholders' agreement between IVS Partecipazioni and the Founders, until May 7, 2014, the Founders have the right to appoint four members of our Board of Directors and have additionally agreed to vote their Class B2 and Class B3 Shares according to the written instructions of IVS Partecipazioni. Furthermore, IVS Partecipazioni has agreed to cause the Board of Directors to number 13 members, including the four nominated by the Founders. See "*Principal Shareholders—IVS Shareholders' Agreement.*" The interests of our principal shareholders may not in all cases be aligned with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of IVS Partecipazioni might conflict with your interests as a holder of the Notes. In addition, IVS Partecipazioni may have an interest in causing our Board of Directors to declare dividends, incur additional indebtedness or pursue acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, even though such transactions might involve risks to you as a holder of the Notes.

We are exposed to risks related to Group companies that include minority shareholders.

We conduct our business through operating subsidiaries. In some instances, third-party shareholders hold minority interests in these subsidiaries; such third parties are generally the former owners of such operating subsidiaries our Vending Business has subsequently purchased. We also operate our Coin Service Business with third party non-controlling shareholders. While we generally consider entering into such partnerships or investments to be positive developments, various disadvantages may also result from the participation of minority shareholders whose interests may not always coincide with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively. We may also incur liabilities related to earn-out or put and call agreements we have signed with sellers of acquired businesses. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Arrangements Regarding Minority Interests in our Subsidiaries*" and "*—Liquidity and Capital Resources*."

We may be subject to a deferral or to a limitation of the deduction of interest expense, including interest expense in respect of the Notes or the Proceeds Loan in Italy.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of a company (i.e. *risultato operativo lordo della gestione caratteristica*) ("**ROL**") as recorded in such company's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income can be carried forward, increasing the amount of ROL for the following fiscal years. Net interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of a tax group, interest expense not deducted by an entity in the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group.

It is expected that the Issuer will have no or limited ROL and that its interest deduction capacity will be limited to the amount of the interest income derived in any given fiscal year, as reflected in the relevant annual financial statements, including the interest income on the Proceeds Loan. The interest deduction

capacity of IVS Italia, including with respect to interest accrued on the Proceeds Loan, will depend upon the ROL generated by IVS Italia and on the effectiveness of a tax group arrangement with the Parent Guarantor and certain of its subsidiaries.

The Parent Guarantor filed a request of ruling with the Italian tax authorities pursuant to Article 11 of Law No. 212 of July 27, 2000 to continue the tax group that was effective before the Merger between IVS Group Holding S.p.A. and certain of its Italian subsidiaries. To date, the reply of the Italian tax authorities to the request of ruling is still pending. Our ability to deduct interest expense in respect of the Notes and other indebtedness incurred by Italian companies within the Group will depend on being allowed to continue the previously existing tax group arrangement or on applying for a new tax group. Any delay in the effectiveness of a tax group will impact the ability to deduct interest expense. In addition, due to Luxembourg Companies Law requirements and our agreement in the Indenture governing the notes, the parent guarantor is required to comply with the Luxembourg Companies Law in a manner sufficient to preserve its Luxembourg existence and domicile. It is possible that these obligations could conflict with our ability to successfully assert the existence of a tax group including the Parent Guarantor. The failure to achieve such a tax group could adversely impact our ability to use ROL of our operating subsidiaries to offset interest expense, including in respect of any borrowings under the New Revolving Credit Facility, at the level of the Parent Guarantor.

In addition, Article 3(115) of Law No. 549 of December 28, 1995 also sets forth certain limitations to the deductibility of interest expense arising from bonds or notes issued by Italian companies other than banks or listed companies. However, under provisions of Article 32 of Law Decree No. 83 of June 22, 2012, interest on notes is deductible to the extent mentioned above provided that the Notes are listed upon their issuance on a regulated market or multilateral trading platform of a Member State of the European Union or state of the European Economic Area included in the White List provided for by Article 168-*bis* of Presidential Decree No. 917 of December 22, 1986. No assurance can be given that the listing will be maintained once the Notes are listed.

Any future changes in Italian tax laws or in their interpretation, including any future limitation on the use of the ROL of the Parent Guarantor and its subsidiaries or the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or the application by Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition. Furthermore, if the Italian tax authorities were to successfully challenge the tax treatment or characterization of any of the transactions performed or of our indebtedness, including the Notes or the use of proceeds from the Offering, including on the basis of anti-avoidance or anti-abusive criteria, we may be unable to fully deduct our interest expense and could be subject to significant penalties and accrued interest, the imposition of withholding taxes, or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and on our indebtedness. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding our tax residency for tax purposes, the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of certain interest expense. If any applicable tax authorities were to: (i) successfully challenge the tax treatment or characterization of any of our intercompany loans or transactions; or (ii) impose additional registration or other taxes, it could result in the disallowance of deductions, a limitation on our ability to deduct interest expense, the imposition of withholding or other taxes, the imposition of taxes on internal deemed transfers and the application of significant penalties and accrued interest. These consequences that could have a material adverse effect on

our business, financial condition, results of operations and cash flows or on our ability to service or otherwise make payments on the Notes or the ability of the Group to make payments on the intercompany loans made in connection therewith.

The applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain if it were to be established that the head office of the Parent Guarantor were not in Luxembourg.

Luxembourg law on commercial companies dated 10 August 1915, as amended (the "**Luxembourg Companies' Law**") does not define the "head office" (*administration central*) for Luxembourg companies but states that the domicile of a commercial company is located at the seat of its central administration (*siège de l'administration centrale*) and further establishes an assumption according to which, until evidence to the contrary is presented, the central administration of a company is deemed to coincide with its registered office (*siège statutaire*). Therefore, the determination thereof is essentially a factual question. Under Luxembourg case law, factors that courts consider in determining the location of a company's head office include the place of meetings of its corporate bodies, the location of its books and records and the place of the company's daily management. Since the Merger, all of our meetings of the board of directors at which board members were physically present and an extraordinary shareholders' meeting have taken place in Italy and, as of December 31, 2012, we believe the Parent Guarantor's operational headquarters were in Italy. If it were to be established that the head office of the Parent Guarantor were not in Luxembourg, the applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain. It is difficult to predict the legal consequences if Luxembourg law were deemed not to apply to the Parent Guarantor (including the effect on our corporate power and authority under Luxembourg law).

We note that the Luxembourg Public Prosecutor (*Procureur d'État*) may request the Luxembourg District Court (*Tribunal d'Arrondissement*) to seek remedial measures against companies that violate the Luxembourg Companies' Law and that such measures, in extreme circumstances (and when in the interest of a company's third party creditors), could include dissolution and liquidation. Although we believe that the Parent Guarantor is in compliance with the Luxembourg Companies Law in a manner sufficient to preserve our Luxembourg existence and domicile and our power and authority to execute and perform all relevant obligations under, the Indenture, its Note Guarantee and the applicable Security Documents, we can provide no assurance with respect to the legal effect of a determination that the head office of the Parent Guarantor is not in Luxembourg. See "*Description of the Notes—The Parent Guarantee*."

Risks Related to Our Indebtedness

Our significant leverage may make it difficult for us to service our debt, including the Notes, and operate our businesses.

Upon completion of the Offering of the Notes, our net leverage will increase and we will continue to have a substantial amount of outstanding debt with significant debt service requirements. At December 31, 2012, on an as adjusted basis after giving effect to the issuance and sale of the Notes in this Offering and the application of a portion of the proceeds therefrom used for debt repayment (€143.4 million), our consolidated debt would have been €268.5 million and we would have had €15.0 million available for borrowing under our Revolving Credit Facility. Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for the Issuer and the Guarantors to satisfy their obligations with respect to the Notes, the Note Guarantees and their other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, reducing the availability of our cash flow to fund internal growth through capital expenditures and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our industry;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry;
- restricting us from pursuing acquisitions, or exploiting certain business opportunities;
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings; and

- subjecting us to a greater risk of non-compliance with financial and other restrictive covenants in its debt facilities.

In addition, we expect to use €51.6 million of the gross proceeds from the Offering of the Notes for general corporate purposes, which may include one or more of the following uses: (i) repaying certain indebtedness as it becomes due over the next 12 months (up to €4.0 million), (ii) paying the final installment of the purchase price for the previous acquisition of 70% of the share capital of Fast Service (€14.9 million), (iii) if triggered or exercised, making payment under the put/call option to purchase 30% of the share capital of Fast Service from minority shareholders (as of December 31, 2012, we recorded on our balance sheet a liability of €7.6 million in respect of such arrangement) and (iv) making selective bolt-on acquisitions. See "*Use of Proceeds.*" Until we deploy these proceeds, such funds are likely to generate negative carry as they incur interest at a rate that exceeds their return when held in cash.

The Group may not have enough cash available to service its debt.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations or to refinance our debt depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategies as well as general economic, financial, competitive, regulatory, technical and other factors, including the other factors discussed in this "*Risk Factors*" section, that are beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned capital expenditure or sell material assets. We cannot assure you that we will be able to refinance any of our debt, including the Notes, on commercially reasonable terms, if at all. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. In that event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand and we may not have sufficient funds to repay all of our debts, including the Notes. See also "*—Risks Related to Our Capital Structure—The Issuer is a finance subsidiary that has no revenue-generating operations of its own and depends on cash received from the Proceeds Loan to be able to make payments on the Notes*" and "*Description of Certain Financing Arrangements.*"

Despite our current significant leverage, we may be able to incur more debt in the future, which could further exacerbate the risks of the Group's leverage. This additional debt may be structurally senior or have a senior security interest with respect to the Notes.

We have incurred significant amounts of debt and may incur more debt in the future. Our Revolving Credit Facility will provide for commitments of up to €15.0 million. On the Issue Date, it is expected that our Revolving Credit Facility will be undrawn.

In addition, we may incur substantial additional debt in the future. The terms of the Indenture will limit, but not prohibit us from incurring additional debt, including under the Revolving Credit Facility, or by a non-Guarantor or debt that is secured on assets of the Group that do not constitute Collateral, which debt would be satisfied ahead of the Notes and the Note Guarantees. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

Borrowings under our VSI Finance Agreement and any future borrowings under our Revolving Credit Facility bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

Borrowings under our VSI Finance Agreement and Revolving Credit Facility bear interest at floating rates of interest equal to EURIBOR plus a margin, initially set at 0.50% and 4.00%, respectively. These interest rates could rise significantly in the future. We may enter into certain hedging arrangements designed to fix a portion of these rates, although there can be no assurance that we will enter into hedging or that hedging will be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

Risks Related to the Notes, Note Guarantees and Collateral

The holders of the Notes may be limited in their ability to take enforcement action in respect of the Collateral.

The Indenture will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the security documents relating to the Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will be barred from

taking enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture and the provisions of the Security Documents) provide instructions to the Security Agent.

The security interests in the Collateral may be limited by Italian law or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

The ability of the Security Agent to enforce on the Collateral may be limited by mandatory provisions of Italian law. Enforcement of the Italian Collateral may be subject to certain statutory limitations and defenses or to limitations contained in the terms of the security documents designed to ensure compliance with applicable statutory requirements.

Among other things, under Italian law, the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. Due to the difficulty of clearly identifying and keeping track of the names of the individual holders of the Notes over time, there might be a risk that beneficial owners of the Notes who are not identified in the relevant security documents as registered holders may not be able to validly enforce their security interests in the Italian Collateral. Therefore, there are risks regarding the enforceability of the security interests granted by the Issuer for the benefit of the beneficial owners of the Notes.

Also, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw-back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified period (the "**suspect period**"). In this regard, a longer hardening period might apply to the Italian Collateral which will be granted after the issuance of the Notes.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors. For a more detailed description of various limitations on the security under Italian law and certain Italian insolvency law considerations, see "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*."

The rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral may not be perfected with respect to the claims of the Notes if we fail or the Trustee or the Security Agent fails or is unable to take the actions we are required to take to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with Italian law.

The granting of new security interests in connection with the issuance of the Notes may create hardening periods for such security interests (see "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*"). The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective applicable hardening period, it may be declared void and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it.

The value of the assets securing the Notes and the Note Guarantees may not be sufficient to satisfy our obligations under the Notes or the Note Guarantees.

The obligations of the Issuer and Guarantors with respect to the Notes and the Indenture will be secured by a first-ranking pledge over the Issuer's rights under the Proceeds Loan and by first-ranking pledges on the capital stock of each of the Issuer and the Subsidiary Guarantors as more fully described elsewhere in this Offering Memorandum. See "*Description of the Notes—Security*."

No appraisals of any Collateral have been prepared in connection with the offering of the Notes. The value of the Collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, the assets comprised in the Collateral may be illiquid and may have no readily ascertainable market value. Given our competitive position in, and the nature of, the Italian vending machine operator market, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. We cannot assure you that the fair market value of the Collateral as of the date of this Offering Memorandum exceeds the principal amount of the Notes. The value of the assets comprised in the Collateral for the Notes could be impaired in the future as a result of changes in the Italian vending machine operator market, changes in exchange rates, our failure to implement our business strategies and achieve our business targets successfully, our failure to compete successfully in our industry and other future trends and developments. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Notes. We may also incur substantial additional debt in the future which may be secured on the Collateral on a *pari passu* basis with the Notes, including certain hedging obligations, which may reduce or dilute your recovery in the event of a foreclosure on the Collateral.

The security interest will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the Trustee or Security Agent may be required to obtain the consent of a third party and/or court order to obtain or enforce a security interest in a contract. We cannot assure you that the Trustee or Security Agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties or court orders will be given or granted when required to facilitate an enforcement on such assets. Accordingly, the Trustee or the Security Agent may not have the ability to enforce upon those assets and the value of the Collateral may significantly decrease.

The Proceeds Loan is subject to the risk of equitable subordination and may be difficult to enforce and may be limited by insolvency laws and other limitations.

The holders of the Notes benefit from the Issuer's pledge of its rights under the Proceeds Loan, and the Issuer will rely on repayment of the Proceeds Loan in order to make payments of principal, interest and premium (if any) under the Notes. The repayment of the Proceeds Loan to the Issuer may be restricted or prohibited as a result of equitable subordination or a similar risk. If the Issuer is not able to recover payments under the Proceeds Loan, the Issuer will not have any other sources of funds available to it that would enable it to make payments of principal, interest and premium (if any) under the Notes.

The Proceeds Loan and the first-ranking pledge of the Issuer's rights under the Proceeds Loan are governed by Italian law. The Proceeds Loan creates a receivables right that is granted to the Issuer, and does not run directly to the holders of the Notes, and as such will only ultimately benefit the holders of the Notes to the extent the Issuer is able to enforce such right and use the proceeds to fund payments to the holders of the Notes. The pledge of the Issuer's rights under the Proceeds Loan and its enforcement will be subject to certain defenses available to providers of security generally or, in some cases, to limitations contained in the terms of the security designed to ensure compliance with statutory requirements applicable to the Issuer and IVS Italia. These laws and defenses include, among others, those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital and defenses affecting the rights of creditors generally.

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof.

In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) a quotaholder in the case of a company incorporated in Italy as a limited liability company (*società a responsabilità limitata*), respectively, will be subordinated to all other creditors of that borrower and rank

senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("**undercapitalization**"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower.

As of the date hereof, there are few court precedents interpreting the provisions and requirements summarized above and limited guidance has been provided so far by the courts on the specific features and extent of the undercapitalization requirement. Some of such precedents have, however, held that Article 2467 also applies to companies incorporated as a joint stock company (*società per azioni*), hence potentially to the Issuer and to loans extended indirectly by third parties, including parties related to the shareholder, hence potentially by IVS Italia that like the Issuer, is under the common control of the Parent Guarantor.

Upon the occurrence of the requirements provided for by the relevant provisions, there is a risk that Italian courts may interpret the Italian Civil Code to apply the undercapitalization principles with respect to the Proceeds Loan during an insolvency or winding-up situation. Accordingly, there can be no assurance that an Italian court would conclude that IVS Italia's obligations under the Proceeds Loan are not subordinated to all of its obligations to other creditors (e.g., unsecured lenders, trade creditors). Should IVS Italia's obligations under the Proceeds Loan be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to its equity, the Issuer may not be able to recover any amounts under the Proceeds Loan and the security interest thereunder (it should be noted that the enforceability of a secured shareholder loan and its treatment, also in the context of an Italian insolvency, is untested in the Italian courts). As a result, the Proceeds Loan and the security interest created thereunder may be of limited value. See "*—The insolvency laws of Italy and Luxembourg may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar*" and "*Limitations on Validity and Enforceability of the Guarantee and the Collateral and Certain Insolvency Law Considerations*."

The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors to the extent of the value of the assets securing such indebtedness which does not constitute Collateral.

On or about the Issue Date, the Notes will be secured by a first-priority pledge over the Issuer's rights under the Proceeds Loan and by first-ranking pledges on the capital stock of the Subsidiary Guarantors owned by the Parent Guarantor. The Indenture will also provide for a negative pledge but will allow us and our restricted subsidiaries, subject to specified limitations, to incur secured indebtedness that will be effectively senior to the Notes and the Note Guarantees to the extent of the value of the assets that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets securing any secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness. As of the Issue Date, we had no secured indebtedness outstanding other than the Notes, the VSI Finance Agreement and certain finance leases.

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

The Parent Guarantor and the Subsidiary Guarantors (IVS Italia, Fast Service and S. Italia S.p.A.) will guarantee the Notes. For the year ended December 31, 2012, the Parent Guarantor's non-Guarantor subsidiaries represented approximately 22% of our total revenues and 24% of our Adjusted EBITDA. As of December 31, 2012, the Parent Guarantor's non-Guarantor subsidiaries represented 16% of our total assets. As of December 31, 2012, on an adjusted basis after giving effect to this offering and the use of proceeds therefrom, our non-Guarantor subsidiaries would have had approximately €60.3 million of indebtedness outstanding and would have had significant trade payables and other liabilities outstanding.

The agreements governing the Notes and the Revolving Credit Facility will, subject to specified limitations, permit our non-Guarantor subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that they may incur. In addition, under certain circumstances, the Note Guarantee of a Subsidiary Guarantor may be released automatically, including:

- in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of such Subsidiary Guarantor, including by way of merger, consolidation, amalgamation or combination, of the share capital of the Subsidiary Guarantor to a person that is not (either before or after giving

effect to such transaction) the Parent Guarantor, the Issuer or one of our restricted subsidiaries, if the sale, disposition, exchange or other transfer is otherwise permitted by the Indenture;

- in connection with any sale or other disposition of the capital stock of the Subsidiary Guarantor to a third party;
- if the Issuer designates the Subsidiary Guarantor or any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable limitations of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture; or
- in accordance with the "Amendments and Waivers" provisions of the Indenture.

Our subsidiaries that do not guarantee the Notes will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder and the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary. As such, the Notes and Note Guarantees will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Note Guarantees will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Note Guarantees and the Collateral will be released automatically, including, without limitation:

- as described under the caption "*Description of the Notes—Amendment, Supplement and Waiver*";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Legal Defeasance and Covenant Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*"; and
- in accordance with any Pari Passu Intercreditor Agreement (as defined under "*Description of the Notes*").

The Indenture also provides that the Collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In Italy, such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Release of the Security Interest*."

Enforcing your rights as a holder of the Notes or under the Note Guarantees or the Collateral across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer, organized under the laws of the Republic of Italy and guaranteed by the Parent Guarantor, which is organized under the laws of the Grand Duchy of Luxembourg, and the Subsidiary Guarantors, each of which is organized under the laws of the Republic of Italy. Furthermore, the Notes will be secured by Collateral subject or relating to Italian laws. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in either of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes, if any. Your rights under the Notes, the Note Guarantees or the Collateral will thus be subject to the laws of Luxembourg and Italy and you may not be able to effectively enforce your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The insolvency laws of Italy and Luxembourg may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The Issuer and the Subsidiary Guarantors are incorporated and are likely to have their centers of main interests under the laws of Italy, whereas the Parent Guarantor is incorporated under the laws of Luxembourg but its centre of main interests may not be in Luxembourg and may deemed to be in Italy. In

accordance with Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended, the main insolvency proceedings are opened in the jurisdiction in which the debtor has its centre of main interests. In the event that the Parent Guarantor experiences financial difficulties, it is not possible to predict if Luxembourg would be considered as jurisdiction in which such centre of main interests is located and if such proceedings would be opened in Luxembourg. Accordingly, insolvency proceedings with respect to these companies may proceed under, and be governed by, Italian or Luxembourg insolvency law, as the case may be. The insolvency laws of these jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. In particular, the Indenture could be limited in scope and effect by Italian courts to the extent its covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. In the event that the Issuer or any Guarantors or any other of the Parent Guarantor's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. As a consequence, enforcement of rights under the Notes, the Note Guarantees and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*" for further information.

The Note Guarantees are significantly limited by applicable laws and are subject to certain limitations and defenses.

The Guarantors will guarantee the prompt payment of the Notes as described in "*Description of the Notes—The Note Guarantees*." The Note Guarantees provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the obligations of each Subsidiary Guarantor under its Note Guarantee will be limited under the Indenture to an amount which has been determined so as to ensure that amounts payable will not result in violations of laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions under value, or otherwise cause the Subsidiary Guarantor to be deemed insolvent under applicable law or such Note Guarantee to be deemed void, unenforceable or *ultra vires*, or cause the directors of such Subsidiary Guarantor to be held in breach of applicable corporate or commercial law for providing such Note Guarantee. This is particularly the case of Note Guarantees provided under the Indenture by Subsidiary Guarantors Fast Service and S. Italia which have been determined to be limited at €30.0 million and €20.0 million, respectively.

As a result, a Subsidiary Guarantor's liability under its Note Guarantee could be materially reduced or eliminated depending upon the amount of its obligations and upon applicable laws. For more information, see "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations.*"

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Note Guarantees and the Collateral.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could void the Notes or subordinate the claims thereunder to other claims against the Issuer or any Guarantor if it was determined that the Issuer or any Guarantor, respectively:

- issued the Notes (or granted the Note Guarantee or the Collateral) with actual intent to hinder, delay or defraud creditors or shareholders;
- received less than reasonably equivalent value or fair consideration for issuing the Notes (or granting the Note Guarantee or the Collateral), and, at the time thereof was insolvent or rendered insolvent by reason of issuing the Notes (or granting the Note Guarantee or the Collateral);
- was engaged or about to engage in a business or a transaction for which remaining assets available to carry on business constituted unreasonably small capital;
- intended to incur, or believed that the issuer would incur, debts beyond the ability to pay the debts as they mature; or
- was a defendant in an action for money damages, or had a judgment for money damages rendered against it if, in either case, after final judgment, the judgment is unsatisfied.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if, at the time it incurred the debt:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be sure as to what standard a court would apply in making a solvency determination or that a court would conclude that the Issuer was solvent immediately after the issuance of the Notes. Regardless of the standard that the court uses, we cannot be sure that the issuance of the Notes (or grant of the Note Guarantee or the Collateral) would not be voided or subordinated to our other debt. See "*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*" for further information.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all the holders of the Notes with the vote of either 75% or 50% of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes,*" the majority required to pass an extraordinary resolution at any meeting of holders of the Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%) to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the relevant meeting, and holders who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact your rights as a holder of the Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one-half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold would be reduced from 75% to 50%.

Transfer of the Notes is restricted, which may adversely affect the value of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws.

You may be unable to sell your Notes if a trading market for the Notes does not develop.

The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.

We will apply to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. However, the Notes may not become or remain listed on that exchange or any other securities exchange. The Initial Purchasers have advised us that they intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and may discontinue any market making at any time at their sole discretion and without

notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for similar yielding securities, interest rates and our financial performance or prospects or in the prospects for companies in our industry generally. As a result, an active trading market for the Notes may not develop or be maintained.

The covenants in the Notes and the instruments governing the Group's other debt may limit the Group's ability to operate its business.

The Indenture contains affirmative and negative covenants. The Indenture, contains other covenants restricting, among other things, the Group's ability to incur additional debt, sell assets, create liens or other encumbrances, make certain payments and dividends and merge or consolidate. Such restrictions could affect the ability of the Group to operate its business and may limit our ability to take advantage of potential business opportunities as they arise.

If the Group does not comply with the covenants and restrictions in the Indenture, the Group could be in default under those agreements, and the debt incurred under those agreements, together with accrued interest, could then be declared immediately due and payable. If the Group defaults under the Notes, the holders of the Notes (subject to restrictions on enforcement rights) could cause all of the outstanding debt obligations thereunder to become due and payable, requiring the Group to apply all of its cash to repay the debt thereunder or prevent it from making debt service payments on its other debt. In addition, any default under the Notes, could lead to an acceleration of debt under other debt instruments that contain cross acceleration or cross default provisions. If the debt under the Notes, or other debt instruments is accelerated, we may not have sufficient assets to repay amounts due thereunder. The Group's ability to comply with these provisions of the Indenture, and other agreements governing its other debt, may be affected by changes in the economic or business conditions or other events beyond our control.

You may have difficulty enforcing your rights against the Issuer, the Guarantors and their directors and executive officers.

The Issuer and the Subsidiary Guarantors are incorporated in Italy and the Parent Guarantor is incorporated in Luxembourg. All of the directors and executive officers of the Issuer, the Subsidiary Guarantors and the Parent Guarantor are non-residents of the United States. Although the Issuer and the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on its directors and executive officers. In addition, as all of its assets and substantially all of the assets of their directors and executive officers are located outside of the United States you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, our local counsel have informed us that it is questionable whether a Italian or Luxembourg court would accept jurisdiction and impose civil liability if proceedings were commenced in Italy or Luxembourg predicated solely upon U.S. federal securities laws. See "*Service of Process and Enforcement of Civil Liabilities*."

The Issuer may not be able to repurchase the Notes upon a change of control of the Parent Guarantor.

Upon the occurrence of a change of control of the Parent Guarantor, the Issuer will be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See "*Description of the Notes—Repurchase at the Option of the Holders—Change of Control*." It may not have sufficient funds at the time of any such event to make the required repurchases.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered.

We may be unable to raise the funds necessary to refinance indebtedness maturing prior to the stated maturity of the Notes or to repay the Notes at maturity.

The Notes offered hereby will mature in March 2020. The Revolving Credit Facility will mature in March 2016. In addition, the VSI Finance Agreement and the Finance Leases may be terminated or repayable prior to the maturity of the Notes. As a result, we may not have sufficient cash to repay all amounts owing on the Notes at maturity, since the prior maturity of such other indebtedness may make it difficult to

refinance the Notes offered hereby. In addition, if our access to capital markets or our ability to enter new financing arrangements is reduced for any reason, we may not be able to refinance our Revolving Credit Facility on satisfactory terms or at all, which could have a material adverse effect on our business, financial position and results of operations.

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and are currently held through Euroclear Bank SA/NV as operator of the Euroclear and Clearstream. Interests in the global notes will trade in book entry form only, and Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book Entry Interests only in very limited circumstances. Owners of Book Entry Interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar and the Issuer at its registered office. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, London Branch as Paying Agent, which then will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book Entry Interests. Accordingly, if you own a Book Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all Book Entry Interests, if you own a Book Entry Interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of "BBB−" or better from S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating of below "BBB−" from S&P, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Covenant Suspension*." If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

S&P may assign a credit rating to the Notes. The rating may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by S&P may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer or Guarantors to comply with certain procedures.

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. The Issuer is not liable to pay any additional amounts to holders of Notes if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Decree No. 461, except, in the case of Decree No. 239, where the procedures required under Decree No. 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or the Guarantors. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Additional Amounts*."

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a noteholder is resident for tax purposes in a white list country and such noteholder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, noteholders will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the white list countries.

No assurance can be given that the listing will be maintained once the Notes are listed or that such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of June 22, 2012 and Italian Legislative Decree No. 239 of April 1, 1996.

No assurance can be given that the listing will be maintained once the Notes are listed or that such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of June 22, 2012 and Italian Legislative Decree No. 239 of April 1, 1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and the exemption from the requirement to apply withholding tax. The Italian tax authorities recently issued an interpretive circular relating to, inter alia, the listing requirement of the aforementioned legislation. In the event that the Notes are not listed or that such listing requirement is not satisfied, our ability to deduct interest expense related to the Notes could be adversely impacted. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*imposta sostitutiva)* currently at a rate of 20%, and we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the Italian tax authorities will not interpret the applicable legislation to require that the listing be effective at closing and we cannot assure you that the listing can be achieved by the Issue Date. However, we intend to achieve the listing of the Notes on the Issue Date and do not, in any event, believe that the applicable legislation requires the listing of the Notes to be effective at closing to benefit from the provisions relating to deductibility of interest expense and exemption from application of withholding tax. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

If the applicable grandfathering ceases to apply, a new U.S. federal withholding tax under FATCA may apply to the Notes, and there would be no gross-up in result of such tax.

Pursuant to the Foreign Account Tax Compliance Act ("**FATCA**"), if FATCA applies to a debt instrument (as discussed below), a new 30% U.S. federal withholding tax will apply to payments of interest made after

December 31, 2013, and payments of gross proceeds of a sale or other disposition made after December 31, 2016, to foreign financial institutions and certain other non-U.S. entities (regardless of whether such institutions or entities hold the debt instrument as beneficial owners or as intermediaries).

FATCA generally will apply to debt instruments issued by U.S. issuers but may also apply to debt instruments issued by certain non-U.S. issuers. Although not free from doubt, we believe that we are not a type of non-U.S. issuer that is subject to FATCA. However, the FATCA rules are new, complex and in flux and, subject to the application of the grandfathering rules discussed below, there can be no assurance that the Notes will not be considered debt obligations subject to FATCA. If any FATCA withholding is imposed in respect of any payment on the Notes or any guarantee, no additional amounts will be payable in respect of such FATCA withholding (except to the extent that such FATCA withholding results from a failure of any Paying Agent to comply with FATCA).

Under Treasury regulations, a grandfathering rule provides that a debt instrument issued before January 1, 2014 would generally not be subject to FATCA withholding at any time unless there is a "significant modification" of such debt instrument after January 1, 2014. Accordingly, our payments on the Notes issued pursuant to the Offering should not be subject to the withholding tax under FATCA absent a future significant modification.

USE OF PROCEEDS

Use of Proceeds

We expect the gross proceeds from the Offering of the Notes will be approximately €200.0 million. We expect to pay approximately €5.0 million of fees and expenses, including the Initial Purchasers' commission and the estimated expenses in respect of the Offering, with proceeds from the Offering of the Notes. In addition, €143.4 million of the proceeds from the Offering of the Notes will be used to refinance certain existing indebtedness of the Group.

We expect to use €51.6 million of the proceeds from the Offering of the Notes for general corporate purposes, which may include one or more of the following uses: (i) repaying certain indebtedness as it becomes due over the next 12 months (up to €4.0 million), (ii) paying the final installment of the purchase price for the previous acquisition of 70% of the share capital of Fast Service (€14.9 million), (iii) if triggered or exercised, making payment under the put/call option to purchase 30% of the share capital of Fast Service from minority shareholders (as of December 31, 2012, we recorded on our balance sheet a liability of €7.6 million in respect of such arrangement) and (iv) making selective bolt-on acquisitions. See "*Capitalization*" and "*Description of Certain Other Financing Arrangements*."

Sources and Uses

The following table shows the sources and uses of funds related to the Offering and the use of proceeds therefrom assuming it had been completed on December 31, 2012. Actual amounts will vary from estimated amounts depending on several factors, including estimated costs, fees and expenses.

Sources of Funds		Uses of Funds	
	(millions of €)		
Notes offered hereby[1]	€200.0	Repayment of certain existing debt[2]	€143.4
		General corporate purposes	€ 51.6
		Transaction costs[3]	€ 5.0
Total sources	**€200.0**	**Total uses**	**€200.0**

(1) Reflects the proceeds from the issuance of the Notes assuming that the Notes are issued at par.

(2) A portion of the Notes offered hereby will be used to repay and cancel the Intesa Senior Term Facilities, of which €89.9 million was outstanding as of December 31, 2012 as well as the repayment of certain other financing arrangements and other obligations in the amount of €53.5 million.

(3) Represents our estimate of fees and expenses in connection with or otherwise related to the Offering and the application of the proceeds therefrom, including underwriting fees and commissions, other financing fees, debt prepayment premiums, professional and legal fees, financial advisory fees and other transaction costs. Actual fees and expenses may differ.

CAPITALIZATION

As of the date of this Offering Memorandum, the Issuer has no debt other than the Notes.

The following table sets forth total consolidated cash and cash equivalents, current financial assets, non-current financial and other assets, short-term financial liabilities and capitalization of the Parent Guarantor as of December 31, 2012 on a historical basis and as adjusted to give effect to the Offering and the use of proceeds therefrom as if such events had occurred on December 31, 2012. The historical consolidated financial information has been derived from our audited consolidated financial statements as of and for the year ended December 31, 2012 prepared in accordance with IFRS included elsewhere in this Offering Memorandum.

This table should be read in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and the consolidated financial statements and the accompanying notes of the Parent Guarantor appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the Parent Guarantor's capitalization since December 31, 2012.

	As of December 31, 2012	As adjusted for the Transactions[1]
	(Audited)	(Unaudited)
Cash and cash equivalents[2]	**28,817**	**80,393**
Current financial assets	**4,810**	**4,810**
Non-current and other financial assets[3]	**9,761**	**9,761**
Current liabilities due to other providers of financing[4]	15,250	15,250
Current accounts overdrafts[5]	26,958	10,896
Derivatives—Market Warrants	7,198	7,198
Short-term financial liabilities	**49,406**	**33,344**
Non-current financial liabilities (includes current portion)		
Revolving Credit Facility[6]	—	—
Due to banks for loans	113,686	19,964
Due to leasing companies[7]	20,202	11,654
Notes offered hereby	—	200,000
Due to other providers of financing[8]	17,492	3,530
Derivatives—interest rate instruments	3,047	—
Due to bondholders[9]	8,083	—
Non-current financial liabilities	**162,510**	**235,148**
Share capital	387	387
Share premium	354,650	354,650
Reserves	(56,963)	(56,963)
Total shareholders' equity	**298,074**	**298,074**
Total capitalization[10]	**460,584**	**533,222**

(1) We have prepared the information presented in the "as adjusted" column for illustrative purposes only. Such information addresses a hypothetical situation and therefore, does not represent our actual financial position or results. Consequently, such information may not be indicative of our total capitalization as of the date of this Offering Memorandum or any prior date. Investors are cautioned not to place undue reliance on this hypothetical information. "Cash and cash equivalents," as adjusted, reflect the expected net proceeds from the issuance of the Notes, after the repayment of certain of our indebtedness to occur on or about the Issue Date and after the deduction of estimated fees and expenses.

(2) "Cash and cash equivalents" comprise cash, bank accounts and other treasury investments with an original maturity not exceeding three months. This figure includes our coins inventory, equal to €14.2 million as of December 31, 2012. "Cash and cash equivalents," as adjusted, includes the expected net proceeds from the issuance of the Notes, after the repayment of certain of our indebtedness to occur on or about the Issue Date and after the deduction of estimated fees and expenses.

(3) "Non-current and other financial assets" mainly include held to maturity investments for €6.6 million resulting from our Coin Service Business and non-current financial receivables towards a related party for €2.9 million.

(4) "Current liabilities due to other providers of financing" represent our liabilities to customers resulting from our Coin Service Business that represents coins in our possession to be counted which as of the reporting date had not been returned to customer.

(5) "Current accounts overdrafts" include bank loans and borrowings of €10.9 million for credit facilities to manage cash flows related to our Coin Service Business.

(6) On March 26, 2013, the Parent Guarantor and Intesa entered into the Revolving Credit Facility which provides for borrowings of up to €15.0 million. The Revolving Credit Facility will be undrawn at closing. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

(7) "Due to leasing companies" refers to a number of finance leases related to the leasing of our main country offices, warehouses and branch offices recorded as a balance sheet liability of approximately €11.1 million (of which €10.1 million corresponds to finance leases and non-Guarantor subsidiaries) and certain industrial and commercial equipment leasing as well as certain invstment properties. See "*Description of Certain Financing Arrangements—Finance Leases*."

(8) "Due to other providers of financing" excludes (unlike as elsewhere presented in this Offering Memorandum) current liabilities due to other providers of financing totaling €15.3 million already detailed in the footnote (4) above.

(9) "Due to bondholders" refers to the residual amount outstanding under bonds subscribed for by current and former shareholders of the Parent Guarantor and redeemed in 2012.

(10) Capitalization represents non-current financial liabilities plus total shareholders' equity.

SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables present selected consolidated financial information and other data as of and for each of the years ended December 31, 2010, 2011 and 2012. This selected financial information and other data is derived from: (i) the audited consolidated financial statements of the Parent Guarantor and its subsidiaries as of and for the year ended December 31, 2012, prepared in accordance with IFRS, audited by Ernst & Young Luxembourg S.A. and containing the auditors' report therein and (ii) the audited consolidated financial statements of IVS Group Holding and its subsidiaries as of and for the years ended December 31, 2011 and 2010, prepared in accordance with IFRS, audited by Reconta Ernst & Young S.p.A. and containing the auditors' report therein.

The following tables should be read in conjunction with the information contained in "*Presentation of Financial Information*," "*Use of Proceeds*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements and related notes included in this Offering Memorandum.

Summary Consolidated Income Statements:

	For the year ended December 31,		
	2010	**2011**	**2012**
	(thousands of €)		
Revenue from sales and services	263,453	271,393	286,029
Other revenues and income	6,266	6,973	11,767
Total revenues	**269,719**	**278,366**	**297,796**
Cost of raw materials, supplies and consumables	(68,521)	(71,684)	(73,672)
Cost of services	(28,292)	(30,550)	(36,798)
Personnel costs	(80,811)	(81,726)	(85,230)
Other operating income/(expenses), net	(35,430)	(34,686)	(40,799)
Gains/(losses) from disposal of fixed assets, net	1,629	606	966
Other non-recurring income/(expenses), net	(870)	(2,185)	(29,954)
Depreciation and amortization	(36,973)	(35,565)	(38,282)
Operating profit/(loss)	**20,451**	**22,576**	**(5,973)**
Financial expenses	(10,278)	(14,037)	(11,098)
Financial income	364	744	1,119
Foreign exchange differences and variations in derivatives fair value, net	90	115	1,921
Results of companies valued at net equity	207	127	51
Profit/(loss) before tax	**10,834**	**9,525**	**(13,980)**
Income taxes	(4,970)	(5,926)	(170)
Net profit/(loss) attributable to:			
Owners of the Parent	5,386	2,684	(15,422)
Non-controlling interests	478	915	1,272
Net profit/(loss) for the year:	**5,864**	**3,599**	**(14,150)**

Summary Consolidated Statements of Financial Position:

	As of December 31,		
	2010	2011	2012
	(thousands of €)		
Assets			
Total non-current assets	447,302	496,609	539,988
Total current assets	64,233	110,374	115,763
Total assets	**511,535**	**579,983**	**655,751**
Liabilities			
Total non-current liabilities	322,849	308,485	151,662
Total current liabilities	133,448	211,780	206,015
Total liabilities	**456,297**	**520,265**	**357,677**
Equity attributable to owners of the parent	49,885	52,315	293,889
Equity attributable to non-controlling interests	5,353	7,403	4,185
Total equity	**55,238**	**59,718**	**298,074**
Total equity and liabilities	**511,535**	**579,983**	**655,751**

Summary Consolidated Cash Flow Statements:

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Net cash provided by operating activities	36,250	47,943	20,151
Net cash used in investing activities	(31,383)	(49,933)	(56,345)
Net cash provided by/(used in) financing activities	(5,332)	26,810	28,884
Cash and cash equivalents at the beginning of the year	11,773	11,308	36,127
Cash and cash equivalents at the end of the year	11,308	36,127	28,817
Net change in cash and cash equivalents	(465)	24,820	(7,310)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Group's results of operations and financial condition based on: (i) the audited consolidated financial statements of the Parent Guarantor and its subsidiaries as of and for the year ended December 31, 2012, prepared in accordance with IFRS, audited by Ernst & Young Luxembourg S.A. and containing the auditors' report therein and (ii) the audited consolidated financial statements of IVS Group Holding and its subsidiaries as of and for the years ended December 31, 2011 and 2010, prepared in accordance with IFRS, audited by Reconta Ernst & Young S.p.A. and containing the auditors' report therein.

You should read this section together with the audited consolidated financial statements described above, including the notes thereto, as well as the other financial information included in this Offering Memorandum. See "Presentation of Financial Information" for an explanation of the financial information contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations." A summary of the Group's critical accounting policies that have been applied to these financial statements is set out below under the caption "—Critical Accounting Policies."

The following discussion contains forward-looking statements based on assumptions about our future performance. Those statements are subject to risks, uncertainties and other factors that could cause our future results of operations or cash flows to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause or contribute to such difference include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are the largest operator of vending machines in Italy and the third largest vending machine operator in Europe (excluding Coca Cola and Alois Dallmayr KG which operate vending machines but are also active in other businesses), with operations in France and Spain. Our Vending Business manages a network of approximately 144,000 vending machines and office coffee service machines located at corporate offices, institutions and public places through which we sell a broad range of products, including hot and cold beverages, in-between meals, snacks and confectionary. We leverage over 40 years of experience in the industry to build and maintain relationships with large institutional customers and SMEs: our contracts with these customers permit us to place our vending machines in many high-traffic and high-visibility locations throughout Italy and in key locations in France and Spain. In the year ended December 31, 2012, we reported revenues and Adjusted EBITDA of €297.8 million and €60.8 million, respectively. In the same year, we generated 87% of our revenue in Italy, with the remainder derived from operations in France (8%) and Spain (5%). We are headquartered in Seriate, Italy and our Class A Shares are listed on the Italian Stock Exchange.

Our business model covers the full spectrum of the value chain in the vending machine operator market. Our sales team originates new customer contracts allowing us to place vending machines on customers' premises and we also bid for concessions pursuant to public tenders to place vending machines with governmental entities and semi-public or large corporate entities. We purchase and customize our vending machines with the options and characteristics that our customers require and install them at their premises. Our central purchasing department sources the range of food and beverage products that our vending machines offer. Our customer contracts will typically specify a few products that a customer's vending machine should offer, but with our industry knowledge, we are also able to tailor our product offerings by type of location or region to achieve a superior product offering for consumers. We also provide our customers with restocking, maintenance, coin collection and customer service for the vending machines we operate.

Our vending machines are either automatic or semi-automatic and serve different segments of the food and beverage market. Our automatic machines are generally large, free standing vending machines favored by corporate or public institutional customers. These machines dispense products from the "Hot" beverage, "Snacks" and "Cold" beverage segments of the food and beverage market. Our semi-automatic machines are generally small pod machines that offer coffee and other hot drinks to SMEs and other corporate customers.

In the year ended December 31, 2012, our Vending Business generated approximately 96% of our revenues and 95% of our Adjusted EBITDA. In 2012, our Vending Business sold approximately

634.5 million of vends at an average price per vend of 43.3 euro cents. Despite difficult economic conditions we have managed to increase our Vending Business revenues from €264.6 million in 2011 to €274.6 million in 2012 mainly by increasing average price per vend of 41.5 euro cents to 43.3 euro cents, respectively. We focus on profitability through exploiting operational synergies from our extensive branch network of distribution and maintenance service operators and seeking to improve vending machine density, which refers to the placement of vending machines in close proximity to one another.

We have consolidated our Vending Business through organic growth and selective acquisitions within the highly fragmented Italian, French and Spanish markets. We believe we rank first in terms of market share by revenue in Italy, our core market. Our management estimates our market share to be 11%. In Italy, our vends are primarily generated in the Northwest, Northeast and Lazio regions, though our machines can be found nationwide. We believe we are the only national operator in Italy which can provide nationwide solutions to our customers. In France and Spain, we believe we are among the market leaders in terms of market share by revenue. Our vending machines in France are concentrated in Paris and urban areas in the Provence-Alpes-Côte d'Azur province. In Spain, we believe we are among the market leaders in the areas where we are present. Our vending machines in Spain are concentrated in urban areas, specifically the Madrid, Aragon, Navarre and Catalonia regions.

In addition to our Vending Business, we also operate a Coin Service Business through subsidiary companies that we acquired in March 2011 in conjunction with minority partners. Our Coin Service Business performs management of "metallic money", including collection, packaging and delivery for approximately €1,000 million equivalent in coins for a variety of customers, including our Vending Business and other customers such as banks, mass-retailers, third party vending operators, parking operators, train stations and highway ticket offices. In the year ended December 31, 2012, our Coin Service Business generated approximately 4% of our revenues and 5% of our Adjusted EBITDA.

Factors Affecting the Comparability of our Results of Operations

The Merger

The Parent Guarantor, IVS Group S.A., is the result of the Merger between IVS Group Holding S.p.A., an Italian company with registered offices in Seriate (Bergamo, Italy) and Italy1. Italy1 was a SPAC formed as a public limited company (*société anonyme*) under Luxembourg law in August 2010 for the purpose of acquiring a company or business with operations primarily in Italy through a merger or similar transaction (a SPAC is an investment vehicle that is formed for the purpose of carrying out a single transaction with a target company). On January 27, 2011, Italy1 completed an initial public offering on the Italian Stock Exchange, raising €150.0 million in proceeds for the purpose of entering into a business combination or similar transaction with a company with its primary business operations in Italy. On March 2, 2012, the Merger agreement was signed by Italy1, IVS Group Holding and its principal shareholder, IVS Partecipazioni. On April 12, 2012, the Merger was approved by the shareholders of both Italy1 and IVS Group Holding and, on May 16, 2012, the Merger became effective, with Italy1 as the surviving entity retaining the listing on the Italian Stock Exchange and changing its corporate name to IVS Group S.A.

Following an analysis of the Merger, the directors of the Parent Guarantor concluded that, for accounting purposes, the Merger represented a reverse asset acquisition rather than a business combination as defined by IFRS 3. Consequently, for accounting purposes, the Merger has been treated as a recapitalization of the Group using the accounting principles established by IFRS 3 to account for reverse acquisitions. In accordance with these principles, the Group's consolidated financial statements as of, and for the year ended December 31, 2012 have been prepared as if the IVS Group Holding acquired the net assets of Italy1, and not vice versa. Therefore, the comparative figures for 2011 shown in such 2012 financial statements and in the explanatory notes thereto do not correspond to those of Italy1, but rather to those of the 2011 consolidated financial statements of IVS Group Holding.

IFRS accounting standards do not specifically contemplate combinations between an operating company and a SPAC like the Merger. The accounting treatment for the Merger adopted by the Group, in accordance with IAS 8, is based on a combination of the requirements of IFRS 2 related to share-based payments and that currently required by IFRS 3 related to reverse acquisitions. This treatment, which we believe is consistent with market practice, required the Parent Guarantor to record a charge equal to €25.4 million in the income statement for the year ended December 31, 2012, representing the difference between the fair value of the net equity of Italy1 (prior to the acquisition) and the fair value of Italy1's issued share capital. This charge resulted in the Parent Guarantor recording a net loss for the year ended December 31, 2012 of €15.4 million (net of such charge and of transaction costs related to the Merger

equal to €1.4 million, the Parent Guarantor would have recorded net income of €11.4 million for the year ended December 31, 2012). For additional information, see "*Presentation of Financial Information*."

Other acquisitions and changes in our scope of consolidation

Our financial information has been affected by the Merger (including the accounting treatment thereof, described above) and by other acquisitions that have changed our scope of consolidation since 2010 and may make it more difficult for investors to evaluate the historical performance of our business by comparing period over period results. During 2010, 2011 and 2012, we acquired approximately 26 businesses (including subsidiaries of the directly and indirectly acquired companies) or parts of businesses which were subsequently integrated into the Group. These companies and activities were all consolidated during the year of their acquisitions' closing with the effect that revenues, costs and results of operations of each acquired business is included from the date on which control over the company is transferred to us. As a result, the revenue, costs and results of operations of the acquired businesses only partly contributed to our results of operations in the year or period of their acquisition while in the following year their results of operations were included for the entire financial year. Most of these acquisitions were smaller, bolt-on acquisitions through which we expanded our Vending Business network. See also "*Risk Factors—Risks Related to Our Business—Our Coin Service Business may not contribute to our revenue to the degree that we expect*." As a result of the acquisitions we have made during the period under review, our results of operations for the financial periods discussed in this Offering Memorandum may not be directly comparable with one another or indicative of our results in future periods. See "*Risk Factors—Risks Related to Our Business—We have historically and intend to continue selectively acquiring competitors in our industry from time to time as part of our business strategy; however, we may not realize all of the anticipated benefits of past or future acquisitions, we may not successfully consummate acquisitions or integrate acquired businesses and acquisitions may carry unexpected liabilities.*"

Our primary acquisitions in 2012 included:

- On March 8, 2012, for total consideration of €5.0 million we acquired 100% of the share capital of Selecta ltalia S.p.A., a vending machine operator with activities in the Milan, Rome and Genoa areas and the Italian subsidiary of Selecta AG, a large vending machine operator active at the European level. With our purchase of Selecta Italia S.p.A. (now called S. Italia S.p.A.), Selecta AG withdrew from the Italian market. From the date of acquisition, S. Italia S.p.A. contributed €5.5 million to our revenues for the year ended December 31, 2012.
- On March 30, 2012, for total consideration of €39.1 million we acquired 70% of the share capital of Fast Service Italia S.r.l., a vending machine operator holding contracts with Grand Stazioni S.p.A., Centostazioni S.p.A. and Rete Ferroviaria Italiana S.p.A. to place vending machines in Italian railway stations. From the date of acquisition, Fast Service S.r.l. contributed €3.4 million (€9.8 million including intra-Group revenues) to our revenues for the year ended December 31, 2012.
- On March 30, 2012, for total consideration of €2.4 million we acquired 13% of the share capital of our subsidiary IVS France S.a.S. from minority shareholders. As a result, we now own the entire share capital of IVS France S.a.S.
- On April 5, 2012, for total consideration of €5.8 million we acquired 30% and 22%, respectively, of the share capital of our subsidiaries Emmedi S.A. and DAV S.A., two Spanish subsidiaries of the Group; as a result, we now own the entire share capital of our Spanish operating subsidiaries.
- On November 19, 2012, for total consideration of €3.8 million we acquired Mr. Vending S.r.l., a vending machine operator holding a contract with the Azienda Trasporti Milanese S.p.A. which operates the Milan subway. From the date of acquisition, Mr. Vending S.r.l. contributed €0.6 million to our revenues for the year ended December 31, 2012.

Our primary acquisitions in 2011 included:

- On March 31, 2011, we established CSH, a subsidiary in which we own a 75% participation, which in turn subscribed for a 60% stake in Coin Partecipazioni S.p.A., a vehicle which purchased majority stakes in two Coin Services Business operating companies, Coin Service S.p.A. and Coin Service Nord S.p.A. for total consideration of €10.8 million. See "*Business—Our Business—Coin Service Business: Products and Services*" for more information. From the date of acquisition, our Coin Service Business contributed €7.2 million to our revenues for the year ended December 31, 2011.

We completed three acquisitions in 2010, which did not materially affect the comparability of our results.

Segment information

In 2012, following the Merger, the Group assessed its segment reporting according to IFRS 8 (mandatorily applicable to public companies). As a consequence, the following presents our segment reporting in this Offering Memorandum and the audited consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012 and the notes thereto as included elsewhere in this Offering Memorandum:

- for the year ended December 31, 2010, we reported three operating segments: Italy, France and Spain, the geographical business units of our Vending Business; and
- for the year ended December 31, 2011 and 2012, we reported four operating segments: Italy, France and Spain, the geographical business units of our Vending Business and our Coin Service Business (which was acquired in 2011).

Principal Factors Affecting our Results of Operations

Macroeconomic factors and vends: number of vends declined due to adverse economic conditions in our principal markets, including reductions in employment levels

Approximately three quarters of our vending machines are located in companies and the vast majority of our vends occur during the working week. Accordingly, there is a correlation between the total number of items sold through vending machines and GDP, due primarily to (i) reductions of workforces and/or hours worked during recessionary periods (including the effects of reduced overtime, layoffs and increased reliance on part time versus full time workers and temporary versus permanent workers) and (ii) decreased purchasing power among consumers. For the year ended December 31, 2012, we generated approximately 86% of our revenues in Italy and we are therefore particularly susceptible to changes in the Italian economy. According to the ISTAT, Italy's GDP at constant prices grew at only 1.9% and 0.4% in 2010 and 2011, respectively, and contracted by 2.4% in 2012. Inflation in Italy averaged 3.0% in 2012. In addition, approximately 8% and 6% of our revenues for the year ended December 31, 2012 was generated in France and Spain, respectively. According to the World Bank, France's GDP grew at 1.7% in each of 2010 and 2011 whereas Spain's GDP contracted at 0.3% in 2010 and grew at just 0.4% in 2011. PricewaterhouseCoopers projects real GDP to have grown 0.1% in 2012 in France and to have contracted by 1.5% in 2012 in Spain. According to Eurostat, unemployment in Italy rose from approximately 8% in 2010 to over 11% by the end of 2012. In addition, France has experienced unemployment rates over 9% since 2010 and Spain has seen unemployment rates rise above 25% through the end 2012. Against this challenging economic backdrop, our total vends declined from 664.5 million in 2010 to 638.2 million in 2011 and 634.5 million in 2012, even though the size of our business grew over that period through bolt-on acquisitions.

ASP: revenue increased through management of our product mix and by steadily increasing our average sale price per item

Our revenue from sales and services increased from €263.5 million in 2010 to €271.4 million in 2011 and €286.0 million in 2012. In addition to the effect of acquisitions, increases in revenue from sales and services was primarily the result of our policy of steadily increasing our ASP, which we increased from €0.396 in 2010 to €0.415 in 2011 and to €0.433 in 2012. We increase ASP by tailoring our individual pricing policies by customer type and the location of the vending machine. For example, in our experience, instant coffee sold in a public location we operate typically sells for between €0.50 to €0.60, while instant coffee sold in an office could typically sell for €0.30. However, because coffee consumption is often higher in office locations, the profitability of coffee sales from a public vending machine will often be similar to that of an office vending machine, despite the lower price per vend. We also seek to increase profitability by managing our product mix to offer products that our data indicates will be most desirable in a given location and/or will provide the best margins. Thanks to the database of vends from our vending machines, we strive to constantly optimize the product offering in our vending machines and adapt according to, *inter alia*, regional preferences, customer demographics, new food and beverage products and seasonal products. Our contracts with our customers will typically specify prices for only a few items, such as water, coffee and cola. With respect to other items that are priced at our discretion, we have been able to tailor our prices and product offerings in each location in an effort to achieve growth in revenues and profitability.

Working days and seasonality: variations in the number of working days per calendar year impact our revenues and profitability; in addition our business is susceptible to certain seasonal variations

Because the majority of our vending machines are located in companies, the majority of our vends occur during working days. For the years ended December 31, 2010, 2011 and 2012, we executed an average of approximately 2.8 million, 2.7 million and 2.7 million vends per workday, respectively, equal to average sales per working day of €1.11 million, €1.12 million and €1.15 million, respectively. As such, the loss of any one working day due to extra public holidays, severe weather or an additional weekend day in the calendar year will have a direct impact on the relevant year's revenues and profitability. For example, an additional holiday was declared in Italy on March 17, 2011 in celebration of Italy's 150 years of unification, reducing the number of working days in that year to 236.9 (compared to 237.8 working days in 2010 and 237.6 in 2012).

In addition, our vends of certain products have historically been affected by seasonal variation. Our vending machines include cold drinks, ice cream and water which have historically tended to enjoy increased vends during the late spring or summer months. Coffee vends exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices and government buildings, where vends are lower during holiday times. For example, our vends per month are lowest in August, the traditional time for summer holidays in our primary markets and are typically lower than normal in December and January due to the holiday period.

Customer base: we manage customer relationships differently depending on customer size; overall, we have enjoyed stable and growing customer relationships as measured by "churn rate" and "acquisition rate"

Our Vending Business is characterized by stable relationships with our customers, some of which have been doing business with us or our predecessors for more than ten years. In addition, our customer base is highly fragmented, consisting of approximately 58,000 customer sites (serving millions of final consumers). We manage our customer relationships differently depending on the size of the customer. With small- and medium-sized customers, our contractual relationships are typically less formalized, but automatic renewal of the relationship is frequent. Larger customers (like industrial groups, train stations, public institutions, banks, hospitals and the Italian postal service) will typically organize periodic tenders for the assignment of multi-year contracts, sometimes lasting over 10 years. Larger customers will also generally charge us a redevance cost to place our vending machines on their premises. Redevance costs are negotiated according to formulas related to past and/or expected traffic in the relevant location and number of vends, and redevance payments can be either variable (i.e. based on total sales from the applicable vending machines) or fixed (i.e. based on the number of vending machines installed pursuant to the relevant contract). Our long experience in the vending machine operator industry provides us with extensive datasets that we can use to calculate acceptable redevance costs that will allow us to submit competitive bids without compromising our profitability. For the years ended December 31, 2010, 2011 and 2012, we recorded €23.0 million, €23.7 million and €27.3 million in total redevance costs, respectively, with the increase in 2012 being primarily due to redevance payments in connection with contracts held by S. Italia S.p.A. (acquired on March 8, 2012) and Fast Service (acquired on March 30, 2012) and in connection with a new contract to place vending machines in San Remo Hospital in Italy.

To track the stability of our customer base and the rate at which we establish new customer relationships, we calculate on a quarterly basis our "churn rate" (defined as the ratio between vends made in the previous quarter by customers we lost and total vends made in the previous quarter) and our "acquisition rate" (defined as ratio between the vends made in the current quarter by our existing customers in the previous quarter to total vends of the current quarter, net of customers acquired in the previous and current quarters, excluding customers gained in connection with acquired businesses). We believe our acquisition rate is a useful indicator for measuring market share in terms of vends and the fact that our acquisition rate is consistently higher than our churn rate indicates that we are gaining market share. The table below sets forth our churn rate and acquisition rate for the years ended December 31, 2010, 2011 and 2012. In our experience, our churn rate remains relatively constant throughout the year, whereas our acquisition rate fluctuates from quarter to quarter depending on our success in booking new customers.

	Churn Rate	Acquisition Rate
Year ended December 31, 2010	1.75%	1.84%
Year ended December 31, 2011	1.60%	1.66%
Year ended December 31, 2012	1.46%	2.08%

See also "*Business—Our Business—Customers and Consumers in Our Vending Business.*"

Cost management: we seek to manage our fixed and variable operating costs by leveraging our economies of scale and realizing synergies from acquired companies

For the year ended December 31, 2012, we estimate that approximately 36.7% of our operating expenses were fixed costs, including fixed personnel costs, costs related to rents and administration and our fixed redevance costs. The remaining costs were variable and related primarily to costs for raw materials, supplies and consumables (30.4% of our operating expenses for the year ended December 31, 2012) and variable personnel costs (21.5% of our operating expenses for the year ended December 31, 2012), with the remaining variable costs relating to fuel, tolls and parking for our delivery vehicles, our variable redevance costs and parts for vending machine maintenance.

We have sought to manage our costs in two primary ways. First, we seek to minimize our costs for raw materials, supplies and consumables by centralizing our procurement. As the largest percentage of our variable costs, efficiency in our procurement is crucial to our cost management. Second, by increasing vending machine density, we are able to reduce the marginal cost of restocking and maintenance. Vending machines that are closer together can be more quickly and efficiently managed by the same personnel and the marginal delivery costs related to fuel, tolls and maintenance are also reduced.

Both of the cost management strategies described above have been reinforced by the economies of scale that have resulted from the increased size of our business, which we have achieved both organically and through acquisitions. The synergies that have resulted from acquisitions have been particularly effective. For example, we have found that the prior performance of companies or businesses we acquire has not historically been indicative of their performance post-acquisition as part of our Group. This is because, when we acquire new companies, we integrate them into our existing network and logistics operations. At the Group level, this allows us to increase our vending machine density and better leverage our fixed cost base. In addition, synergies and economies of scale allow us to increase vends by our acquired companies (through improved product offerings and refill times), while also increasing profitability through measured price increases and lower procurement costs (due to our centralized purchasing). For example, our subsidiary Vending System Italia S.p.A. (acquired in June 2009) was able to increase its ASP in line with the Group, from approximately €0.397 at the time of the acquisition to €0.42 at the end of 2011. Similarly, vends per working day by Vending System Italia S.p.A. increased by approximately 18% from the date of the acquisition through 2011.

Capital expenditures: Our vending machine network requires significant capital expenditures which we have sought to mitigate in recent years by focusing on refurbishing our machines to extend their useful life

As of December 31, 2012, we managed approximately 144,000 vending machines in our Vending Business (compared to approximately 135,000 vending machines in 2010), of which approximately 70% were automatic vending machines and 30% were semi-automatic vending machines for Office Coffee Services. Semi-automatic vending machines cost as little as €100 per unit and are also less than a third of our total machines and therefore do not affect our capital expenditures as significantly as our automatic vending machines. Automatic vending machines cost approximately €1,500 to €2,000 to purchase. For some of our automatic vending machines, we provide additional equipment, including protective casing and telemetry, and spend on average an additional up to €2,400 to fully equip. In the aggregate, therefore, our automatic vending machines require significant capital expenditures. Each machine is depreciated on a straight line basis over 6.6 years and has a useful life of approximately 8 years. The average age of our vending machines as of March 31, 2012 was 3.9 years. Since 2010, we have expanded our own in-house maintenance and repair capabilities to extend the useful life of our vending machines, to improve our service to customers and to reduce our capital expenditures. In addition, we purchase approximately 20% of our new machines through finance leases (which are recorded as financial debt), further allowing us to optimize our timing of capital expenditures.

In the years ended December 31, 2010, 2011 and 2012, our total capital expenditures for vending machines and related equipment were €21.4 million, €21.3 million and €26.5 million (€20.6 million excluding Poste Italiane contracts), respectively. As shown in the table below, we have steadily increased our refurbishing activities. For the years ended December 31, 2010, 2011 and 2012, we refurbished 10,108, 13,217 and 16,106 vending machines, respectively. Overall, this has allowed us to limit our purchases of new machines. In addition, in 2012, we were awarded two significant contracts for the installation and management of vending machines located at the 2,250 nationwide offices of Poste Italiane (the Italian postal service),

which resulted in an additional €7.0 million in capital expenditures (for the purchase of new machines), partially financed through finance leases.

The majority of our capital expenditures are related to vending machines. The table below sets forth our estimated capital expenditures for vending machines in terms of machines and related equipment purchased and machines refurbished by our own in-house refurbishment capabilities for the periods indicated.

	For the year ended December 31,		
	2010	2011	2012
	(millions of €, except number of machines)		
Machines and related equipment purchased	19.6	17.1	21.6
of which machines purchased for Poste Italiane contract	—	—	*7.0*
Machines refurbished	1.8	4.2	4.9
Total capital expenditures for vending machines and related equipment	**21.4**	**21.3**	**26.5**
Total vending machines refurbished (in number of machines)	***10,108***	***13,217***	***16,106***

See "*—Liquidity and Capital Resources*" for more information.

Explanation of Income Statement Items

The following presents the explanation of our key line items from our income statements prepared in accordance with IFRS.

Revenue from sales and services

Revenue from sales and services corresponds to the following categories: (i) revenue earned from "supplies": amounts collected for sales of food and beverage items directly from the vending machines (vends); (ii) "sales with invoices": revenue from the sale of products delivered directly to customers (e.g. hot beverage pods); (iii) revenue from the sale of vending machines; and (iv) revenue from our Coin Service Business.

Other revenues and income

Other revenues and income includes revenue from the sale of goods, spare parts, equipment and sundry materials to third parties, revenue from technical assistance provided to third parties for their automated vending machines and revenue from sponsorship and advertising arrangements. This category also includes revenue from the reimbursement of costs, lease income, compensation for damage and prior year gains generated by the Group's operations.

Cost of raw materials, supplies and consumables

Cost of raw materials, supplies and consumables corresponds to the costs of procuring raw materials, consumables, supplies and goods related to different types of food and beverage items, net of premiums, discounts and rebates granted by the suppliers, as applicable.

Cost of services

Cost of services include director's fees, maintenance services, electricity and utilities (e.g., water and telephone), transportation, administration, legal and commercial services and the expenses to use certain third party assets.

Personnel costs

Personnel costs include wages and salaries, social security contributions, employee benefits and other personnel expenses (i.e. the cost of restocking vending machines by third party personnel).

Other operating income/(expenses), net

Other operating income/(expenses), net include impairment losses on current assets, provisions for risks and other operating costs (usage fees/redevance costs).

Other non-recurring income/(expenses)

Other non-recurring income/(expenses) includes miscellaneous expenses from a variety of sources, settlements from disputes, fees related to waivers and extra rebates from suppliers as well as non-recurring charges and fees related to extraordinary transactions (including the Merger).

Depreciation and amortization

Depreciation and amortization expenses relate to depreciation of our property, plant and equipment and amortization of our intangible assets.

Financial expenses

Financial expenses includes payments in interest and principal under outstanding bank and capital markets debt and shareholder's loans.

Critical Accounting Policies

Our audited consolidated financial statements have been prepared in accordance with IFRS. The preparation of the audited consolidated financial statements requires us to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. We reevaluate our estimate on an ongoing basis and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the value of such assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. In particular, items where we have applied significant judgment and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within our next financial year are discussed below.

The foregoing assumptions and estimates are based on facts, circumstances and trends at the end of each of the reporting period. As of the date of this Offering Memorandum, we do not expect any material change in the underlying assumptions and estimates.

Business combinations

Business combinations are accounted for using the purchase method of accounting. The cost of an acquisition business combination is equal to the fair values, at the date of the exchanges, of assets given, liabilities incurred or assumed, and equity instruments issued by us, in exchange for control of the acquired business plus any costs directly attributable to the business combination. When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. Any difference between the cost of the business combination and our interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized as such is treated as goodwill. If the acquired company was under common control, we have chosen to apply the predecessor values method. The assets and liabilities of the acquired business are recorded using IFRS book values and the difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity has to be recorded as an adjustment to equity.

See also "*Presentation of Financial Information—The Merger*" for a discussion of the accounting treatment related to the Merger.

Impairment of goodwill

Intangible assets, including goodwill and customer base, represent a significant part of our total assets. As of December 31, 2012, the carrying amount of goodwill was €314.8 million. This represented 48.0% of our total assets.

Goodwill is assessed annually for impairment, or more frequently, if events or changes in circumstances indicate that its value might be impaired. Goodwill is allocated to our CGUs, which belong to our Vending Business' geographic units and our Coin Service Business. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by our management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rate of one percent.

We performed our last impairment test of the goodwill accounted for as of December 31, 2012. The test has been performed allocating goodwill to four different CGUs (Italy, France, Spain geographies of our Vending Business and our Coin Service Business), whereas impairment tests prior to 2011 were performed allocating goodwill only to the two then existing CGUs. Impairment test was calculated using the projected cash flows of 2013 through 2015 business plan, and estimating the terminal value assuming cash flows in perpetuity in line with those of the year ended December 31, 2015 with a growth factor of one percent.

Intangible assets

As of December 31, 2012, our intangible assets amount to €48.3 million and consist mainly of client lists and patents and trademarks (including €39.4 million related to client lists of Fast Service acquired in 2012). Purchased intangible assets are measured initially at cost. Intangible assets are recognized when they are identifiable and controlled by the Group, when it is probable that future economic benefits to the Group can be expected from the asset and when cost can be measured reliably. Intangible assets with a finite useful life are amortized over their useful life and are tested for possible impairment whenever an indication exists that such intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each financial year. Amortization of intangible assets with finite useful lives is recognized in the consolidated income statement under the expenses category that corresponds to the intangible asset's function. Except for goodwill, we have no intangible assets with an indefinite useful life.

Purchased client lists are typically amortized over a useful life of 10 years and patents and trademarks are amortized over a useful life of three to five years (note that, because of the longer duration of Fast Service's contracts, Fast Service's client lists are amortized over 18 years). For amortization, we apply the straight-line method.

Impairment of trade receivables

Trade receivables are a significant asset of the Group and the amount of impairment is a significant estimate made by our management. Trade receivables were €19.1 million as of December 31, 2012. Trade receivables are recorded at original invoice amount initially at fair value less provision made for impairment of these receivables. A provision for impairment of trade accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the invoice. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

Deterioration in the ageing of receivables or collection difficulties could require that the Group increase its estimates of the impairment of doubtful accounts. Additional expenses for uncollectable receivables could have a significant negative impact on our future operating results. Trade receivables are highly fragmented, the outstanding balance for Italy as of December 31, 2012 consisting of receivables from approximately 6,000 individual customers, approximately 98% of which possess balances of less than €5,000 each.

Deferred tax assets

We recognize deferred tax assets relating to certain temporary differences and tax losses when we conclude that it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilized. Differences between our expectations and our original estimates will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts and other treasury investments with an original maturity not exceeding three months. Cash and cash equivalents as of December 31, 2012 also includes €14.2 million in coins which have been delivered to us by customers to be processed as part of our Coin Service Business. Under IFRS, coins to be regulated (i.e. held for counting) can be recorded as cash until they are resold, with the related liability being recorded as a current loan liability. Cash and cash equivalents of the Coin Services Business accounted for €15.4 million of the total €28.8 million recognized by us as of December 31, 2012, of which €14.2 million related to coins to be regulated.

Financial assets—Coin Service Business

We recognize approximately €11.1 million in Coin Service Business-owned bank certificates of deposit as at December 31, 2012. €4.5 million of such certificates of deposit are classified as current financial assets as permitted under IFRS, while €6.6 million are due to expire in 2014 and have been classified as financial fixed assets.

Results of Operation

The following table sets forth the Group's consolidated income statement for the periods indicated. The financial information has been derived from the Group's audited consolidated financial statements as of and for the year ended December 31, 2010, 2011 and 2012.

Consolidated Income Statements

	For the year ended December 31,					
	2010		2011		2012	
	(thousands of €, except percentages)					
		% of revenues		% of revenues		% of revenues
Revenue from sales and services	263,453	97.7%	271,393	97.5%	286,029	96.0%
Other revenues and income	6,266	2.3%	6,973	2.5%	11,767	4.0%
Total revenues	**269,719**	**100.0%**	**278,366**	**100.0%**	**297,796**	**100.0%**
Cost of raw materials, supplies and consumables	(68,521)	(25.4)%	(71,684)	(25.8)%	(73,672)	(24.7)%
Cost of services	(28,292)	(10.5)%	(30,550)	(11.0)%	(36,798)	(12.4)%
Personnel costs	(80,811)	(30.0)%	(81,726)	(29.4)%	(85,230)	(28.6)%
Other operating income/(expenses), net	(35,430)	(13.1)%	(34,686)	(12.5)%	(40,799)	(13.7)%
Gains/(losses) from disposal of fixed assets, net	1,629	0.6%	606	0.2%	966	0.3%
Other non-recurring income/(expenses)	(870)	(0.3)%	(2,185)	(0.8)%	(29,954)	(10.1)%
Depreciation and amortization	(36,973)	(13.7)%	(35,565)	(12.8)%	(38,282)	(12.9)%
Operating profit/(loss)	**20,451**	**7.6%**	**22,576**	**8.1%**	**(5,973)**	**(2.0)%**
Financial expenses	(10,278)	(3.8)%	(14,037)	(5.0)%	(11,098)	(3.7)%
Financial income	364	0.1%	744	0.3%	1,119	0.4%
Foreign exchange differences and variations in derivatives fair value, net	90	—	115	—	1,921	0.6%
Results of companies valued at net equity	207	0.1%	127	—	51	—
Profit/(loss) before tax	**10,834**	**4.0%**	**9,525**	**3.4%**	**(13,980)**	**(4.8)%**
Income taxes	(4,970)	(1.8)%	(5,926)	(2.1)%	(170)	(0.1)%
Net profit/(loss) attributable to:						
Owners of the parent	5,346	2.0%	2,684	1.0%	(15,422)	(5.2)%
Non-controlling interests	478	0.2%	915	0.3%	1,272	0.4%
Net profit/(loss) for the year:	**5,864**	**2.2%**	**3,599**	**1.3%**	**(14,150)**	**(4.8)%**

Segment Reporting

We have two reporting business units consisting of our Vending Business and Coin Service Business. Our Vending Business is further comprised of the following geographic units: Italy, France and Spain. Our Coin Service Business only operates in Italy. The table below sets forth our segment reporting for the periods indicated.

Revenue from sales and services segments	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Vending Business (Italy)	224,691	225,478	236,171
Vending Business (France)	24,329	24,450	23,739
Vending Business (Spain)	14,433	14,699	14,741
Coin Service Business	—	6,766	11,378
Total revenue from sales and services	**263,453**	**271,393**	**286,029**

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Revenues

Our revenue from sales and services increased by €14.6 million, or 5.4%, from €271.4 million in the year ended December 31, 2011 to €286.0 million in the year ended December 31, 2012. The increase in revenue from sales and services was primarily due to increased revenue in our Vending Business driven by higher ASP, which grew from 41.5 euro cent in 2011 to 43.3 euro cent in 2012. This trend in higher ASP was partially offset by lower vends, which fell from 638.2 million in 2011 to 634.5 million in 2012. In addition, acquisitions contributed to our increased revenue, specifically the Mr. Vending and Fast Service businesses contributed €0.6 million and €3.4 million, respectively, to our revenue from sales and services for 2012.

Other revenues and income increased by €4.8 million, or 68.8%, from €7.0 million for the year ended December 31, 2011 to €11.8 million for the year ended December 31, 2012. This increase was principally due to the acquisition of Fast Service in March 2012, which generates other income in connection with certain sponsorship and advertising arrangements.

Cost of raw materials, supplies and consumables

Cost of raw materials, supplies and consumables increased by €2.0 million, or 2.8%, from €71.7 million for the year ended December 31, 2011 to €73.7 million for the year ended December 31, 2012. This increase was principally due to increased procurement costs and our policy of optimizing our product mix, where possible, with higher value offerings.

As a percentage of revenues, our cost of raw materials, supplies and consumables increased from 25.8% for the year ended December 31, 2011 to 24.7% for the year ended December 31, 2012.

Cost of services

Cost of services increased by €6.2 million, or 20.5%, from €30.6 million for the year ended December 31, 2011 to €36.8 million for the year ended December 31, 2012. This increase was principally due to the consolidation of the Coin Service Business for the full year in 2012, while in 2011 it was only consolidated for 9 months, which resulted in higher transportation costs paid to third parties for the transportation of coins as well as increased costs of services as a result of the acquisition of Fast Service in 2012.

As a percentage of revenues, our cost of services increased by 1.4 percentage points from 11.0% for the year ended December 31, 2011 to 12.4% for the year ended December 31, 2012. This change was primarily due to the full year contribution of our Coin Service Business and increased volumes of coins processed.

Personnel costs

Personnel costs increased by €3.5 million, or 4.3%, from €81.7 million for the year ended December 31, 2011 to €85.2 million for the year ended December 31, 2012. This increase was principally due to new personnel working in our Vending Business associated with companies acquired in 2012, primarily Fast Service, S. Italia and Mr. Vending.

As a percentage of revenues, our personnel costs decreased by 0.8 percentage points from 29.4% for the year ended December 31, 2011 to 28.6% for the year ended December 31, 2012.

Other operating income/(expenses), net

Other operating expenses increased by €6.1 million, or 17.6%, from €34.7 million for the year ended December 31, 2011 to €40.8 million for the year ended December 31, 2012. This increase was principally due to increased redevance costs, which increased by €3.6 million, from €23.7 million in 2011 to €27.3 million in 2012, primarily due to redevance payments in connection with contracts held by S. Italia (acquired on March 8, 2012) and Fast Service (acquired on March 30, 2012) and in connection with a new contract to place vending machines in San Remo Hospital in Italy. In addition, fuel costs were slightly higher in 2012.

As a percentage of revenues, our other operating expenses increased by 1.2 percentage points from 12.5% for the year ended December 31, 2011 to 13.7% for the year ended December 31, 2012.

Other non-recurring income/(expenses)

Our other non-recurring expenses increased by €27.8 million from €2.2 million for the year ended December 31, 2011 to €30.0 million for the year ended December 31, 2012. This increase was principally due to non-recurring expenses related to the Merger, including: (i) a charge of €25.4 million representing the difference between the fair value of the net equity of Italy1 (prior to the acquisition) and the fair value of Italy1's issued share capital; and (ii) transaction costs related to the Merger equal to approximately €1.4 million. Other non-recurring expenses in 2012 included administrative and advisory fees, severance packages to departing employees from IVS Italia and IVS France S.a.S. and loss from theft at IVS Italia related to an break-in at one of our facilities.

Depreciation and amortization

Depreciation and amortization increased by €2.7 million, or 7.6%, from €35.6 million for the year ended December 31, 2011 to €38.3 million for the year ended December 31, 2012. This increase was principally due to a charge recognized in connection with the amortization of intangible assets held by Fast Service (client lists).

As a percentage of revenues, our depreciation and amortization remained relatively unchanged for the year ended December 31, 2011 as compared to the year ended December 31, 2012.

Operating profit/(loss)

Operating profit/(loss) decreased by €28.6 million, from a profit of €22.6 million for the year ended December 31, 2011 to a loss of €6.0 million for the year ended December 31, 2012. This decrease was principally due to the non-recurring expenses related to the Merger (€26.8 million) as previous described.

Financial expenses

Financial expenses decreased by €2.9 million, or 20.9%, from €14.0 million for the year ended December 31, 2011 to €11.1 million for the year ended December 31, 2012. This decrease was principally due to lower interest expenses as a result of debt that was repaid with the proceeds from the Merger as well as the reduction in bank financial expenses due to the repayment of two maturing tranches in 2011 under our syndicated facilities, a reduction in interest expenses due to a reduction in the applicable interest rate margin as well as write-offs of financial expenses related to shareholder loans.

Foreign exchange differences and variations in derivatives at fair value, net

Foreign exchange differences and variations in derivatives at fair value, net increased by €1.8 million, from €0.1 million for the year ended December 31, 2011 to €1.9 million for the year ended December 31, 2012. This increase was principally due to a change in the fair value of the Market Warrants. For more information on this instrument, see "*Principal Shareholders—Market Warrants.*"

Profit/(loss) before tax

Profit/(loss) before tax decreased by €23.5 million from a profit of €9.5 million for the year ended December 31, 2011 to a loss of €14.0 million for the year ended December 31, 2012. This decrease was principally due to the non-recurring expenses related to the Merger as previously described.

Income taxes

Income taxes decreased by €5.7 million from €5.9 million for the year ended December 31, 2011 to €0.2 million for the year ended December 31, 2012. This decrease was principally due to losses of Italy1 carried forward, which generated deferred tax income in 2012, as partially offset by increased taxes due to higher revenues in 2012.

Profit/(loss) attributable to the owners of the Parent

The profit/(loss) attributable to the owners of the Parent decreased by €18.1 million from a profit of €2.6 million for the year ended December 31, 2011 to a loss of €15.4 million for the year ended December 31, 2012. This decrease was principally due to the factors discussed above.

Profit/(loss) attributable to non-controlling interests

The profit/(loss) attributable to non-controlling interests increased by €0.4 million from a profit of €0.9 million for the year ended December 31, 2011 to a profit of €1.3 million for the year ended December 31, 2012. This decrease was principally due to the Group's purchase of minority stakes from our subsidiaries in France and Spain.

Profit/(loss) for the year

The profit for the year decreased by €17.7 million from a profit of €3.6 million for the year ended December 31, 2011 to a loss of €14.1 million for the year ended December 31, 2012. This loss was principally due to the non-recurring expenses related to the Merger. Net of such expenses, we would have recorded net income of €11.4 million for the year ended December 31, 2012.

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Revenues

Our revenue from sales and services increased by €7.9 million, or 3.0%, from €263.5 million in the year ended December 31, 2010 to €271.4 million in the year ended December 31, 2011. In addition, this increase was principally due to the contribution of our Coin Service Business which was acquired at the end of the first quarter of 2011 and which contributed €6.8 million to our revenue in the year ended December 31, 2011. Sales from vends increased by €1.2 million, or 0.4%, from €263.5 million in year ended December 31, 2010, to €264.6 million in year ended December 31, 2011. The increase in sales from vends is primarily attributed to the increase in ASP from 39.6 euro cent in the year ended December 31, 2010 to 41.5 euro cent in the year ended December 31, 2011. The ASP increase offset the impact of declining revenue attributable to a reduction in the number of vends, from 664.5 million vends in 2010 to 638.2 million vends in 2011.

The increase in ASP in the year ended December 31, 2011 was primarily due to our shift towards a more favorable/higher value product mix, increased ASP agreed with specific major customers, and certain ASP increases made on vending machines installed at train stations. The decrease in vends mentioned above in the year ended December 31, 2011 was primarily an effect of the following factors: (i) unfavorable weather conditions; (ii) one day of unplanned holidays in Italy (March 17, 2011); (iii) an issue with a supplier which reduced sales in the Hot product category starting in July 2011; and (iv) the voluntary loss of a major client in France.

Other revenues and income increased by €0.7 million, or 11.3%, from €6.3 million for the year ended December 31, 2010 to €7.0 million for the year ended December 31, 2011.

Cost of raw materials, supplies and consumables

Cost of raw materials, supplies and consumables increased by €3.2 million or 4.6%, from €68.5 million in the year ended December 31, 2010 to €71.7 million in the year ended December 31, 2011. This increase mirrored the increase in vends to a large extent, and was also attributable to price increases in purchased products towards the end of 2011.

As a percentage of revenues, our cost of raw materials, supplies and consumables increased from 25.4% in the year ended December 31, 2010 to 25.8% in the year ended December 31, 2011. The increase was mainly a result of the change in product mix, and the time lag associated with our ability to pass year end 2011 cost of sales increases onto customers and consumers. Such increases in costs of sales as a percentage of total revenue were offset as a result of the Coin Service Business acquisition, which operates in a business with particularly low costs of raw materials, supplies and consumables.

Cost of services

Cost of services increased by €2.3 million, or 8.0%, from €28.3 million in the year ended December 31, 2010 to €30.6 million in the year ended December 31, 2011. The increase in service costs was mainly due to the consolidation of the Coin Service Business, which contributed approximately €2.7 million in costs of services in the year ended December 31, 2011. This was partially offset by elimination of approximately €0.5 million in annual coin management services expense which, starting in the year ended December 31, 2011, are performed internally by the Coin Service Business.

As a percentage of revenues, our cost of service increased from 10.5% in the year ended December 31, 2010 to 11.0% in the year ended December 31, 2011. This relative increase was due to: (i) approximately €1.0 million in transportation costs in year ended December 31, 2011; and (ii) the addition of the Coin Service Business, which is characterized by a higher incidence of costs of services on sales.

Personnel costs

Personnel costs increased by €0.9 million, or 1.1%, from €80.8 million in the year ended December 31, 2010 to €81.7 million in the year ended December 31, 2011. The increase was primarily the result of the following two effects: (i) the acquisition of the Coin Service Business on March 31, 2011, which contributed €2.1 million of additional personnel expenses; offset by (ii) personnel cost reductions as a result of efficiency plans put in place by our management in 2011 and 2010.

Other operating income/(expenses), net

Other operating income/(expenses), net decreased by €0.7 million, or 2.1%, from €35.4 million in the year ended December 31, 2010 to €34.7 million in the year ended December 31, 2011. Redevance costs increased during the period under review from €23.0 million in 2010 to €23.7 million in 2011, therefore the decrease in other operating expenses was mainly due to reduced costs in the other miscellaneous categories that comprise "other operating expenses."

As a percentage of revenues, our other operating income/(expenses), net decreased from 13.1% in the year ended December 31, 2010 to 12.5% in the year ended December 31, 2011. This relative decrease was a direct consequence of the above mentioned factors.

Depreciation and amortization

Depreciation and amortization decreased by €1.4 million, or 3.8%, from expenses of €37.0 million for the year ended December 31, 2010 to expenses of €35.6 million for the year ended December 31, 2011. This was due to the increased amortization of capitalized costs related to vending machine maintenance of Vending System Italia S.p.A.

As a percentage of revenues, our depreciation and amortization increased by 0.9 percentage from 13.7% for the year ended December 31, 2011 to 12.8% for the year ended December 31, 2012.

Operating profit

Operating profit increased by €2.1 million, or 10.4%, from €20.5 million for the year ended December 31, 2010 to €22.6 million for the year ended December 31, 2011. This increase was principally due to the factors described above.

As a percentage of revenues, our operating profit increased by 0.5 percentage points from 7.6% for the year ended December 31, 2010 to 8.1% for the year ended December 31, 2011. This increase was principally due to the factors described above.

Financial expenses

Financial expenses by increased by €3.8 million, or 36.6%, from €10.3 million for the year ended December 31, 2010 to €14.1 million for the year ended December 31, 2011. The increase was primarily due to: (i) the consolidation of the Coin Service Business, which contributed approximately €0.9 million in financial expenses in the year ended December 31, 2011; and (ii) rising interest rates and spreads in the year ended December 31, 2011. In the year ended December 31, 2011, €2.5 million of financial expenses were related to a bond that was redeemed.

As a percentage of revenues, our financial expenses increased by 1.2 percentage points from 3.8% for the year ended December 31, 2010 to 5.0% for the year ended December 31, 2011.

Profit before tax

For the reasons described above, profit before tax decreased by €1.3 million, or 12.1%, from €10.8 million for the year ended December 31, 2010 to €9.5 million for the year ended December 31, 2011. As a percentage of revenue, our profit before tax, net decreased by 0.6 percentage points from 4.0% for the year ended December 31, 2010 to 3.4% for the year ended December 31, 2011.

Income taxes

Incomes taxes increased by €1.0 million, or 19.2%, from €5.0 million for the year ended December 31, 2010 to €0.6 million for the year ended December 31, 2011. This increase was primarily due to the following effects: (i) additional income taxes of the Coin Service Business amounting to €587 thousand; and (ii) lower prior year taxes due to positive effect of Italian Law Tremonti Ter, allowing deductibility of capital expenditures, as partially offset by the negative impact of deferred tax assets and liabilities due to the use of prior year losses and interests.

Net profit attributable to the owners of the Parent

The net profit attributable to the owners of the Parent decreased by €2.7 million, or 50.2%, from €5.4 million for the year ended December 31, 2010 to €2.7 million for the year ended December 31, 2011. This decrease was principally due to the factors below under "*—Profit/(loss) for the period*."

Net profit attributable to non-controlling interests

The net profit attributable to non-controlling interests increased by €0.4 million from €0.5 million for the year ended December 31, 2010 to €0.9 million for the year ended December 31, 2011. This increase was principally due to better results from our Coin Service Business, which includes non-controlling interests.

Net profit for the year

The net profit for the year decreased by €2.3 million, or 38.6%, from €5.9 million in year ended December 31, 2010 to €3.6 million in year ended December 31, 2011. The primary drivers for the decrease in net profit were the Group's revenue growth, offset by costs identified by management as non-recurring (e.g. due diligence costs related to the Merger, employee severance payments and other costs related to prior years), and higher financial and tax expenses.

Liquidity and Capital Resources

Historically, we have relied primarily on cash flow from operations and upon the proceeds of bank borrowings and shareholder loans to provide funds required for acquisitions and operations.

Our principal source of liquidity on an ongoing basis is expected to be a portion of the proceeds of the Offering of the Notes, our operating cash flows and, to a lesser degree, drawings under the credit facilities of Group companies, including the Revolving Credit Facility (as described below) (which will be undrawn on the Issue Date) and the Coin Service Business Finance Debt. See "*Description of Certain Financing Arrangements*." Through the Offering of the Notes hereunder, bond debt will largely replace many of our existing credit facilities. See "*Corporate Structure and Certain Financing Arrangements*." In addition, we expect to use €51.6 million of the gross proceeds from the Offering of the Notes for general corporate purposes, which may include one or more of the following uses: (i) repaying certain indebtedness as it becomes due over the next 12 months (up to €4.0 million), (ii) paying the final installment of the purchase price for the previous acquisition of 70% of the share capital of Fast Service (€14.9 million), (iii) if triggered/excercised, making payment under the put/call option to purchase 30% of the share capital of Fast Service from minority shareholders (as of December 31, 2012, we recorded on our balance sheet a liability of €7.6 million in respect of such arrangement) and (iv) making selective bolt-on acquisitions. See "*Use of Proceeds*."

Investors should note that our cash and cash equivalents as of December 31, 2012 also includes €14.2 million in coins which have been delivered to us by customers to be processed as part of our Coin Service Business (equal to €24.7 million as of December 31, 2011). Under IFRS, coins to be regulated (i.e. held for counting) are recorded as cash until they are resold, with the related liability being recorded as a current loan liability. Cash and cash equivalents of Coin Services Business accounted for €15.4 million of the total €28.8 million recognized by us as of December 31, 2012, of which €14.2 million related to coins to be regulated.

In addition, as of December 31, 2012, we had approximately €32.8 million in unpaid VAT refunds due to us from the Italian government compared to €23.7 million in 2011 and €19.6 million in 2010. These VAT receivables have increased in recent years primarily due to the following factors: (i) an increase in Italian VAT rates from 20% to 21% (though vending machine VAT rates for food and beverage products remained unchanged at 4%); (ii) longer payment terms by the Italian tax authority and (iii) the purchase by the Group of the vending machines and accessories to outfit the offices of Poste Italiane (new contract

won in 2012), for which we paid ordinary VAT charges on capital expenditures equal to 21%. The Italian VAT rates will increase again in July 2013 to 22%. We also have VAT receivables from the French and Spanish governments; however, the amount due is not material. See also "*—Qualitative and Quantitative Disclosure of Market Risk—Credit Risk.*"

Cash Flow

The table below summarizes the cash flow of the Group for the years ended December 31, 2010, 2011 and 2012.

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Net cash provided by operating activities	36,250	47,943	20,151
Net cash used in investing activities	(31,383)	(49,933)	(56,345)
Net cash provided by/(used in) financing activities	(5,332)	26,810	28,884
Cash and cash equivalents at the beginning of the year	11,773	11,308	36,127
Cash and cash equivalents at the end of the year	11,308	36,127	28,817
Net change in cash and cash equivalents	(465)	24,820	(7,310)

Net cash provided by operating activities

Net cash provided by operating activities decreased to a cash flow of €20.1 million in the year ended December 31, 2012 from a cash flow of €47.9 million in the year ended December 31, 2011. This was primarily due to an increase in working capital in the amount of €19.7 million. Such change is primarily due to two elements—an increase in VAT receivables and an increase in payments to food suppliers due to the EU Late Payments Directive which, starting in 2012, obliged us to settle our trade payables within 60 days.

Net cash provided by operating activities increased to a cash inflow of €47.9 million in the year ended December 31, 2011 from a cash inflow of €36.3 million in the year ended December 31, 2010. This increase was the consequence of the increase in revenues in 2011 coupled with a decrease in working capital levels. The decrease in working capital levels was achieved despite the fact that in the year ended December 31, 2011, the VAT receivables increased by €4.1 million due to delays in the reimbursement of the receivables by the tax authorities.

Net cash used in investing activities

Net cash used in investing activities increased to a cash outflow of €56.3 million in the year ended December 31, 2012 from a cash outflow of €49.9 million in the year ended December 31, 2011. This was primarily due acquisitions made in 2012, including S. Italia, Fast Service and Mr. Vending which we purchased for total consideration (minus cash in acquired companies) of €6.9 million, €17.4 million and €2.9 million, respectively.

Net cash used in investing activities increased to a cash outflow of €49.9 million in the year ended December 31, 2011 from a cash outflow of €31.4 million in the year ended December 31, 2010. The increase was primarily due to the acquisition of two operating facilities in France and Italy by financial leases of €11.4 million and the investment of €4.7 million for the acquisition of our Coin Service Business.

For additional information on our capital expenditure, see *"—Capital Expenditure and Investments"*.

Net cash provided by/(used in) financing activities

Net cash flows provided by/(used in) financing activities increased to a cash inflow of €28.9 million in the year ended December 31, 2012 from a cash inflow of €26.8 million in the year ended December 31, 2011. This was primarily due to capital increases undertaken in 2012 in connection with the Merger and our acquisition of the share capital of our subsidiary IVS France S.a.S. from minority shareholders and the acquisition of 30% and 22%, respectively, of the share capital of our subsidiaries Emmedi S.A. and DAV S.A. offset by significant repayment of our then existing debt.

Net cash flows (used in)/provided by financing activities increased to a cash inflow of €26.8 million in the year ended December 31, 2011 from a cash outflow of €5.3 million in the year ended December 31, 2010. The increase was due to the acquisition of our Coin Service Business. The Coin Service Business bank liabilities at December 31, 2011, included €26.9 million of debt towards customers for the coins to be

regulated at December 31, 2011. These debts towards customers were partly off-set by approximately €24.7 million of coins that at December 31, 2011, were held by Coin Service Business operating companies as the related counting was ongoing. For accounting purposes, such coins are accounted for as debt while they are in our possession and are awaiting counting or processing.

Net financial position

Net financial indebtedness, as defined by the Group, is interest-bearing debt (including short-term borrowings, long-term borrowings and financial leases) less cash and cash equivalents. Net financial indebtedness shows the amount of the Group's debt if all liabilities were to be repaid using liquid funds.

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Short-term loans payable[1]	(55,627)	(129,241)	(79,906)
Liabilities due to bondholders[2]	—	—	(8,083)
Derivatives[3]	(3,715)	(3,897)	(10,245)
Current financial indebtedness	**(59,342)**	**(133,138)**	**(98,234)**
Non-current financial liabilities	(170,603)	(147,812)	(113,682)
Liabilities due to bondholders[2]	(131,880)	(134,290)	—
Shareholders' loans	(4,410)	(11,590)	—
Non-current financial indebtedness	**(306,893)**	**(293,692)**	**(113,682)**
Gross financial indebtedness	**(366,236)**	**(426,830)**	**(211,916)**
Current financial assets	60	13,100	4,801
Cash and cash equivalents[1]	11,308	36,127	28,817
Cash and current financial assets	**11,368**	**49,227**	**33,628**
Net financial indebtedness[4]	**(354,867)**	**(377,603)**	**(178,289)**
Held-to-maturity investments	—	11,000	6,600
Non-current loans and receivables	916	2,204	2,887
Other non-current financial assets from others	—	332	274
Net financial position[5]	**(353,951)**	**(364,068)**	**(168,528)**

(1) The coins that our Coin Service Business collects from customers for counting and processing are recorded under "cash and cash equivalents" in accordance with IFRS; simultaneously we record a short-term loan payable to such customers in the equivalent amount of the coins we hold on their behalf. Such debt is then settled once we deliver the counted/processed coins.

(2) This figure includes bonds in the amount of approximately €134.3 million that was subscribed by our shareholders and was redeemed in 2012.

(3) Derivatives refer to our Market Warrants and two interest rate derivatives.

(4) "Net financial indebtedness" refers to the sum of current financial indebtedness and non-current financial indebtedness minus cash and cash equivalents. Net financial indebtedness shows the amount of the Group's debt if all liabilities were to be repaid using liquid funds and in accordance with the recommendations of the European Committee of Securities Regulators dated February 10, 2005. Net financial indebtedness is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*."

(5) "Net financial position" refers to the sum of current financial indebtedness and non-current financial indebtedness less the sum of cash and cash equivalents, held-to-maturity investments, non-current loans and receivables and other non-current financial assets from others. Net financial position is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*."

Contractual Obligations and Commitments

As of December 31, 2012, after adjustments to give effect to the Transactions, our financial liabilities amounted to €268.5 million and consisted mainly of bank loans and finance leases. The following table summarizes our financial liabilities as of December 31, 2012, sorted by the year in which they are due to mature.

	Less than 1 year	2014	2015	2016	2017	2018	2019 and thereafter	Total
				(millions of €)				
Bank loans	2.7	2.2	2.2	2.2	1.5	5.0	4.1	**20.0**
Notes offered hereby	—	—	—	—	—	—	200.0	**200.0**
Revolving Credit Facility	—	—	—	—	—	—	—	**—**
Finance lease obligations[1]	1.1	0.9	0.7	0.7	0.7	0.5	7.1	**11.7**
Other loans and borrowings	15.3	—	—	—	—	—	3.6	**18.8**
Market Warrants[2]	7.2	—	—	—	—	—	—	**7.2**
Current bank overdrafts	10.9	—	—	—	—	—	—	**10.9**
Derivative liabilities	—	—	—	—	—	—	—	**—**
Total	**37.2**	**3.1**	**2.9**	**2.9**	**2.1**	**5.5**	**214.8**	**268.5**

(1) Other loans and borrowings due in less than a year include €15.2 million in "Coins to be regulated" held at Coin Service Business operating subsidiaries for counting.

(2) Our Market Warrants are treated for accounting purposes as derivative instruments in accordance with the requirements of IAS 32 and recorded as current liabilities.

Capital Expenditure

The Group's capital expenditure in the years ended December 31, 2010, 2011 and 2012 relate primarily to the acquisition and refurbishment of vending machines to be installed at customers' premises. Capital expenditure also related to the purchase of vehicles and office equipment, but do not include purchases of financial assets. The table below sets forth our capital expenditure for the years ended December 31, 2010, 2011 and 2012.

	For the year ended December 31,		
	2010	2011	2012
	(thousands of €)		
Intangible and tangible assets	29,168	37,171	35,413

In the year ended December 31, 2012, total capital expenditures related to intangible and tangible assets decreased by €1.8 million from €37.2 million in the year ended December 31, 2011 to €35.4 million in the year ended December 31, 2012.

Total capital expenditures related to intangible and tangible assets increased by €8.0 million from €29.2 million in year ended December 31, 2010 to €37.2 million in year ended December 31, 2011. The increase in capital expenditures related to intangible and tangible assets in 2011 was mainly due to the acquisition of two operating facilities for €11.4 million.

In order to reduce capital expenditures related to the purchase of vending machines, the Group increased its refurbishment activities: (i) management introduced in the year ended December 31, 2010, a new investment policy to reduce the spending for vending machines by centralizing in the Group each decision related to the purchase of new vending machines; (ii) through the set-up of two new internal refurbishment centers between the second half of the year ended December 31, 2009 and the year ended December 31, 2010, increased the number of vending machines subjected to refurbishment with the aim to increase their useful life and consequently, to reduce the need to purchase new vending machines.

We expect our capital expenditures in 2013 to be consistent with historic absolute amounts and to relate to the purchase and refurbishment of vending machines.

Off-Balance Sheet Agreements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, changes in financial condition, revenues or

expenses, results of operations, liquidity, capital expenditure or capital resources, except with respect to its interest rate hedging.

As of December 31, 2012, one of our finance leases was an off-balance sheet arrangement because the relevant asset was still under construction. See "*Description of Certain Financing Arrangements—Finance Leases—Spain.*"

Contingent Liabilities

We do not have any material contingent liabilities not reflected in our consolidated financial statements.

Arrangements Regarding Minority Interests in our Subsidiaries

We have entered into a number of arrangements, including put and call options, regarding minority interests in certain of our subsidiaries with individuals or companies holding such interests. The governing documents contemplate the strike price for the exercise of the relevant options based on arithmetic formulas often linked to the financial results of the applicable subsidiary. As of December 31, 2012, we valued our total exposure to the arrangements regarding minority interests in our subsidiaries at €7.6 million (which refers only to the option related to Fast Service; the agreements with respect to the Coin Service Business and Metroshopping do not have a material impact on our balance sheet). We calculated this exposure based on the formulas provided in the relevant agreements (described below), adjusted for the probability of these put/call options actually being exercised, and, in the case of the purchase agreement (described below), the probability of such agreement actually being performed. See Note 7 to our consolidated financial statements as of and for the year ended December 31, 2012. See also *"Risk Factors—Risks Related to Our Business—We are exposed to risks related to Group companies that include minority shareholders."*

A summary of our arrangements with minority shareholders is below.

Parties	Company	Contract Date	Type of Arrangement	Exercise Period	Price Formula
Parent Guarantor Coin Partecipazioni S.p.A. Coin Service S.r.l. ("**Coin Empoli**")	Coin Service S.p.A. ("**Coin Subsidiary**")	March 31, 2011	Call/Put Option	***Put option:*** (i) within 90 days following the approval of the financial statements of Coin Subsidiary as of and for the year ended December 31, 2013 *or* (if the option is not exercised in such period) within 90 days following the approval of the financial statements of Coin Subsidiary as of and for the year ended December 31, 2016; and (ii) upon the occurrence of an exercise event[(1)], from March 31, 2011 up to the 90th day following the approval of the financial statement of Coin Subsidiary as of and for the year ended December 31, 2015; ***Call option:*** upon the occurrence of an exercise event[(2)], from March 31, 2011 up to the 90th day following the approval of the financial statement of Coin Subsidiary as of and for the year ended December 31, 2015.	EBITDA *multiplied by* 6.85, *plus* consolidated "**NFP**" (net financial position (*posizione finanziaria netta*)) *multiplied by* the percentage of the minority interest subject to the call/put option

Parties	Company	Contract Date	Type of Arrangement	Exercise Period	Price Formula
Coin Partecipazioni S.p.A. Mr. Moreno Monachini	Coin Service S.p.A. ("**Coin Bologna**")	March 31, 2011	Call/Put Option	***put option:*** (i) within 90 days following the approval of the financial statements of Coin Bologna as of and for the year ended December 31, 2013, *or* (if the option is not exercised in such period), within 90 days following the approval of the financial statement of Coin Bologna as of and for the year ended December 31, 2016; and (ii) upon the occurrence of an exercise event(3), from March 31, 2011 up to the 90th day following the approval of the financial statements as of and for the year ended December 31, 2015. ***call option:*** upon the occurrence of an exercise event(4), from March 31, 2011 up to the 90th day following the approval of the financial statement of Coin Bologna as of and for the year ended December 31, 2015.	EBITDA *multiplied by* 6.85 *plus* consolidated NFP *multiplied by* the percentage of the minority interest subject to the call/put option
Parent Guarantor Domal Company S.r.l., Dama S.r.l., Locomotiva S.r.l. (the "**Fast Service Minorities**")	Fast Service	March 22, 2012	Call/Put Option	***put option:*** within 60 days from the approval of the financial statements of Fast Service as of and for the year ended December 31, 2013. ***call option:*** the period between the 61 and 120 days after the approval of the financial statements of Fast Service as of and for the year ended December 31, 2013.	2.25 times EBITDA on a debt/cash free basis
IVS Italia Mr. Gianfranco Nalin, Unilab S.r.l., Ms. Luisa Maria Polacci (the "**Metro-shopping Minorities**")	Metroshopping S.r.l. ("**Metroshopping**")	July 15,2011	Purchase agreement (pursuant to which IVS Italia agreed to purchase the remaining 15% interest in Metroshopping)	Up to June 30, 2013	€344.0 *minus* redevance fees under the ATM Agreement *multiplied by* (i) the number of Metroshopping vending machines and (ii) the months of the renewal period (*provided however* that if the difference is lower than €50.0, it will be deemed to be equal to €50.0)

(1) Exercise events are: (i) removal of one of Coin Subsidiary's directors appointed by Coin Empoli without just cause; (ii) a resolution by the board of directors of Coin Subsidiary approving an annual budget against the contrary vote of Coin Empoli; (iii) delegation of additional powers to certain members of Coin Subsidiary's board that are not shared by directors appointed by Coin Empoli against the contrary vote of Coin Empoli; (iv) breach by Coin Partecipazioni S.p.A. of certain provisions of the shareholders' agreement; (v) violation of the agreement with respect to distribution of dividends; and (vi) adoption of certain resolutions by Coin Subsidiary's board of directors against the contrary vote of Coin Empoli.

(2) Exercise events are: (i) removal of one of Coin Subsidiary's directors appointed by Coin Empoli for just cause; (ii) violation of non-compete obligations; (iii) transfer of employees; (iv) breach by Coin Empoli of certain provisions of the shareholders' agreement; and (v) change of control of Coin Empoli.

(3) Exercise events are: (i) removal of one of Coin Bologna's directors appointed by Mr. Moreno Monachini without just cause; (ii) a resolution by the board of directors of Coin Bologna approving an annual budget against the contrary vote of Mr. Moreno Monachini; (iii) delegation of additional powers to certain members of Coin Bologna's board that are not shared by directors appointed by Mr. Moreno Monachini against the contrary vote of Mr. Moreno Monachini; (iv) breach by Coin Partecipazioni S.p.A. of certain provisions of the shareholders' agreement; (v) violation of the agreement with respect to distribution of dividends; (vi) change of control of Coin Partecipazioni S.p.A.; and (vii) adoption of certain resolutions by Coin Bologna's board of directors against the contrary vote of Mr. Moreno Monachini.

(4) Exercise events are: (i) removal of one of the Coin Bologna's directors appointed by Mr. Moreno Monachini for just cause; (ii) violation of non-compete obligations; (iii) transfer of employees; (iv) breach by Mr. Moreno Monachini of certain provisions of the shareholders' agreement; (v) revocation of Coin Bologna's regulatory license under article 14 of the Italian public security law.

Coin Service

Pursuant to a shareholders' agreement relating the Coin Subsidiary and Coin Bologna: (i) Coin Partecipazioni S.p.A. ("**Coin Partecipazioni**") granted to the Coin minority sellers ("**Coin Minority**") a put option, and Coin Minority granted to Coin Partecipazioni a call option, related to the interest in Coin Subsidiary equal to 38% of the share capital (the "**Coin Service Option**") that Coin Minority owns; (ii) Coin Partecipazioni granted to Mr. Moreno Monachini a put option, and Mr. Moreno Monachini granted to Coin Partecipazioni a call option, related to the interest in Coin Bologna equal to 19% of the

share capital that he owns (the remaining share capital of Coin Bologna is owned by Coin Subsidiary and the Group)("**Coin Bologna Option**").

In each case, the purchase price of Coin Service Option and Coin Bologna Option is calculated as follows: 6.85 times EBITDA of Coin Group (Coin Subsidiary, Coin Bologna and Coin Servizi di Sicurezza S.r.l.) *plus* Coin Group's net financial position (*posizione finanziaria netta*) *multiplied by* the percentage of the minority interest subject to the call/put option.

Fast Service

Pursuant to the purchase and sale agreement relating to the Parent Guarantor's acquisition of 70% of the share capital of Fast Service from Domal Company S.r.l., Dama S.r.l. and Locomotiva S.r.l. ("**Fast Service Minorities**"), the Parent Guarantor granted to the Fast Service Minorities a put option and reserved for itself a call option related to the 30% remaining interest in Fast Service's share capital owned by the Fast Service Minorities. The strike price of the put/call option will be determined as follows: EBITDA of Fast Service multiplied by 2.25 on a debt/cash free basis.

Metroshopping

On July 15, 2011, the Metroshopping Minorities and IVS Italia entered into a purchase agreement pursuant to which IVS Italia agreed to purchase by June 30, 2013 the remaining 15% interest in Metroshopping not already owned by the Group. Metroshopping is a company in the Group's Vending Business that has a contract to operate vending machines in the Milan subway. The purchase price paid to the Metroshopping Minorities will be determined as follows: the difference between €344.0 and the redevance fees Metroshopping pays to the Milan transport authority pursuant to a renewal agreement entered into by Metroshopping and the Milan Transport Authority (the "**ATM Agreement**") *multiplied by* (i) the number of the Metroshopping vending machines and (ii) the months of the renewal period under the ATM Agreement, *provided however* that if the difference is lower than €50.0, it will be deemed to be equal to €50.0. The redevance fees Metroshopping pays to the Milan transport authority are determined pursuant to the concession contract and varies according to the number of vends realized by Metroshopping.

Qualitative and Quantitative Disclosure of Market Risk

Interest Rate Risk

This is the risk related to future cash flows from financing transactions at floating interest rates. A change in interest rates affects the fair value of floating rate financial assets and liabilities and may impact on our future results. At December 31, 2012, all of our financial liabilities (without considering fluctuations in the fair value of derivatives) bear interest at floating or indexed rates. These include the Intesa Senior Term Facilities with an outstanding principal of €89.9 million as of December 31, 2012, the Finance Leases, the Coin Service Business Finance Debt and the VSI Finance Agreement with an outstanding principal of €15.3 million which bear interest rates indexed at EURIBOR plus a margin. The Group also has certain interest rate hedging derivatives in place with respect to its floating rate indebtedness related to the Intesa Senior Term Facilities recorded on the balance sheet in the amount of €3.0 million. However, following the Transactions, the majority of the Group's floating rate indebtedness (and the related interest rate swaps) will be repaid and extinguished with the exception of the VSI Finance Agreement, the Finance Leases, the Coin Service Business Finance Debt and the Revolving Credit Facility.

Credit Risk

The Group has exposure to the credit risk of certain of its customers. As of December 21, 2012, we had approximately €19.1 million in trade receivables from customers resulting from sales of hot beverage single-use drink pods (mostly coffee), cups and stirrers which we provide to our Office Coffee Services customers and typically invoice our customers at the time of each delivery. Although we review the credit risk related to our customers regularly, such risks may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. While many customers pay their receivables within 30 to 60 days, and we experienced a 5% decrease in the amount of trade receivables that are overdue by 91 days from 2011 to 2012, we experienced a 71% increase from 2010 to 2011. Our procedures require that customer insolvency risk is monitored by our commercial and accounting departments before and during transactions by monitoring customer balances. We make allowances for impairment of receivables whose recovery is considered doubtful or improbable at reporting date. Our allowance for impairment was €1.0 million as of December 31, 2012, representing approximately 5% of our gross trade receivables. We do not believe that our trade receivables risk is concentrated in any one individual customer.

In addition to credit risk of customers discussed above, the Group is also exposed to VAT receivables from the national governments where we do business (especially Italy). When we purchase our inventory in Italy, we pay VAT equal to 21% (to increase to 22% in July 2013) of the purchase price. When consumers purchase items from our vending machines, however, they pay VAT equal to only approximately 4%, due to the favorable VAT regime applicable to basic foodstuffs sold to consumers. Pursuant to applicable law, the Italian government refunds to us the difference in VAT we pay to purchase inventory and the VAT paid by consumers. As of December 31, 2012, we had approximately €32.8 million in unpaid VAT refunds due to us from the Italian government compared to €23.7 million in 2011 and €19.6 million in 2010. However, these payments have been significantly delayed and such delays have become exacerbated in recent years. VAT refunds sometimes take as long as two years and we have no way of knowing if such payment periods will be extended further in the future. We also have VAT receivables from the French and Spanish governments; however, the amount due is not material and has not exhibited the same trend as our Italian VAT receivables.

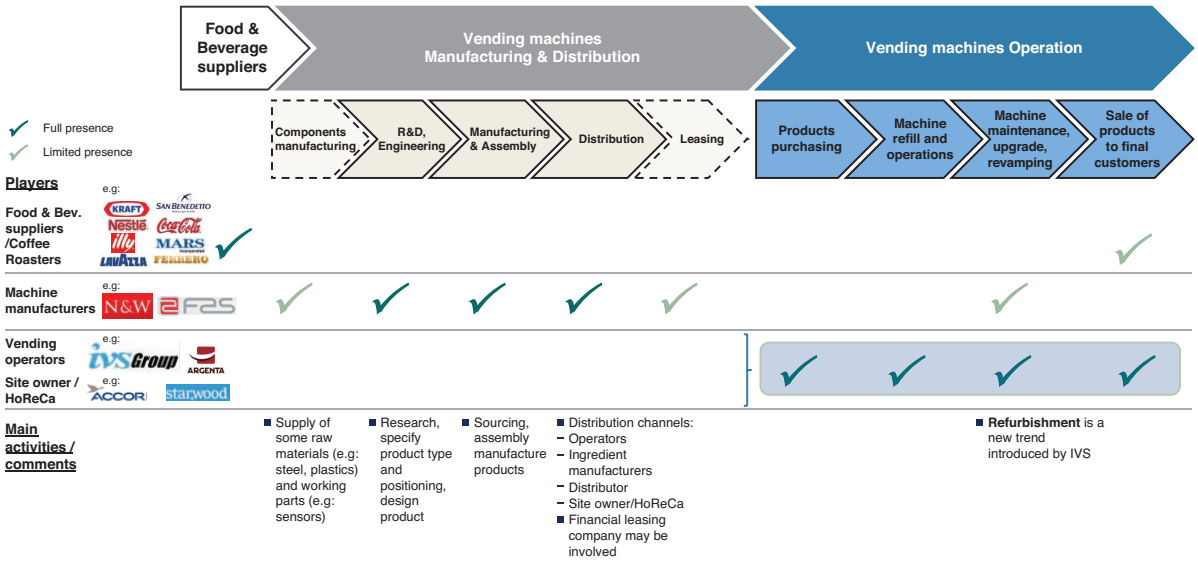
Liquidity Risk

This is the risk that the Group cannot generate sufficient cash flows from its operations to cover investments and third party debt. Our approach to liquidity management is to put into place adequate funds to cover our obligations when they are due, both during normal conditions and at times of financial difficulty. We have historically met our liquidity requirements through a combination of cash generated by our business, finance agreements (such as the VSI Finance Agreement and the Coin Service Business Finance Debt) as well as shareholder loans. As part of the Transactions, we will sign the Revolving Credit Facility which will provide up to €15.0 million of revolving credit (which will be undrawn on the Issue Date) and which we believe is sufficient to meet the Group's liquidity requirements. See "*Description of Certain Financing Arrangements—The Revolving Credit Facility*."

The European Vending Machine Operator Market

According to the European Vending Association ("**EVA**"), there are approximately 3.8 million vending machines installed in the 21 markets in Europe covered by EVA statistics (including most of the European Union plus certain non-EU countries such as Russia, Switzerland, Turkey and Ukraine) which generated total revenue of €11.4 billion in 2011. The vending machine industry is comprised of the following participants: (i) food and beverage suppliers, (ii) vending machine manufacturers and distributors, (iii) vending machine operators, such as our Group and (v) site owners.

The value chain and respective activities are outlined in the chart below:



A vending machine operator such as our Group will typically manage all aspects of the vending machine (apart from manufacturing), including procurement, placement, refilling, distribution and maintenance of vending machines.

Vending machines are a convenient point of sale that can satisfy consumer demand for a flexible and accessible way to purchase a broad array of goods, including food and beverages ("**Food & Beverage**"), electronics, flowers and other items. The Group's activities are focused on the Food & Beverage market, which is divided into three main defined segments: (i) hot beverages, prepared instantly ("**Hot**", including the "**Office Coffee Services**" (or "**OCS**")), (ii) snacks and food ("**Snacks**"), and (iii) cold beverages sold in cans and bottles ("**Cold**"). As estimated by the EVA, of all European installed Food & Beverage vending machines in 2011, 60% were attributable to the Hot category, 21% to the Snacks category and 18% to the Cold category. We believe the European vending machine operator market is distinguished from other such markets in developed countries because of the preponderance of Hot beverage machines and the central role that coffee plays in consumer refreshment and workplace leisure time.

According to the EVA, Italy has the largest installed base of vending machines in Europe with 20%, followed by France with 17%, Germany with 13%, the United Kingdom with 12%, Spain with 10%, and with the remaining 29% being installed in the rest of the surveyed countries.

Typical locations served by vending machines include workplaces (i.e. factories, offices, etc.), universities and department buildings, and public sites such as streets, subway and bus stations, schools and healthcare centers or recreational centers. Market penetration of vending machines in Europe, according to EVA and measured in the number of vending machines per thousand inhabitants, is estimated to be highest in the Netherlands and Italy, at 15.6 and 12.6 vending machines for every 1,000 inhabitants. The EVA reports that Snacks machines are generally installed near Hot machines in order to provide a full offering of refreshment. In 2011, the average ratio of Hot machines per Snacks machine in the surveyed countries was 1:2.9, ranging from 1:1.7 in Italy to 1:3.0 in France to 1:10.8 in Spain (source: EVA 2012).

The vending machine operator market in Italy, France and Spain, our markets of reference, is highly fragmented, largely mirroring the situation on a wider European level. As estimated by the EVA, the top five European vending machine operators had a joint market share of 20.6% in 2011 and the Group is the

third largest such operator (excluding Coca-Cola and Alois Dallmayr KG which operate vending machines but are also active in other businesses) (source: EVA 2012). We believe the high fragmentation of the European vending market has allowed the larger players to grow through acquisitions of smaller competitors.

In our experience, due to the economic recessions of recent years, the vending machine operator industry has recorded declines in the number of installed machines. We believe that coffee consumption remained resilient during the crisis and price increases partially offset declining sales volumes. However, according to the EVA's latest statistics, the market has demonstrated resiliency in difficult economic times; the number of installed vending machines and revenue for the surveyed countries and operators was static from 2010 to 2011.

We believe that even in challenging economic environments, favorable conditions for the vending industry can provide organic growth opportunities to vending machine operators. Several factors are driving demand for more vending machines, including: new eating habits among consumers related to more flexible working hours, increased time constraints and changing lifestyle priorities and consumers increasingly preferring smaller, more frequent meals spread across the day.

The Italian Vending Machine Operator Market

As estimated by the Italian vending machine association Confida, the Italian vending machine operator market was worth approximately €2.6 billion in revenue in 2011 (+2.24% growth versus 2010). Confida estimates that approximately 6.4 billion vends were executed in the Italian market in 2011, of which 46% were from Hot and Cold machines. According to the EVA, as of December 31, 2011, there were approximately 760,000 vending machines in Italy, the largest vending machine base in Europe. Contractual arrangements governing such vending machines may differ depending on the customer. In our experience, in the private sector vending machines are usually placed free of charge for the length of the contact at the customer's premises (except for large corporations). The vending machine operator will typically maintain ownership of the machine and be responsible for its installation, maintenance and refilling, while the customer supplies water and electricity. In the semi-public sector (e.g., healthcare institutions and universities) and with large corporations, vending machine operators typically pay rental charges to the customer for the installation of the vending machines.

The Italian vending machine operator market has shown strong resilience during a difficult economic environment since 2008 in which GDP, disposable income, active workforce and consumer confidence have declined substantially. ISTAT reports that GDP growth rates at current prices were −5.0%, 1.9%, 0.4% and −2.4% for 2009, 2010, 2011 and 2012, respectively. In terms of the number of vends, Confida reports an increase of 0.8% CAGR between 2007 and 2011, but with a strong increase in value terms for the Italian market during the same period, with such growth attributable primarily to price increases and growth of the underdeveloped travel market (vending machines at airports and transit hubs). This growth in the context of a difficult macroeconomic climate suggests that vending machine consumption shows limited consumer price sensitivity. Comparing 2011 data provided by Confida and FIPE (the association of Italian coffee bars), the prices of a coffee sold from a vending machine, on average €0.28, is less than one third of the price paid on average in an Italian coffee bar, €0.93.

In the context of a persistently weak economic environment in Italy, notwithstanding anticipated further declines in GDP and disposable income, Confida estimates that the overall Italian vending market should nonetheless experience moderate growth in 2013. Larger vending machine operators are expected to enjoy greater growth as a result of economies of scale, acquisitions and an ability to procure and deploy vending machines with technological advances. Additional trends that are expected to benefit vending machine operators include: (i) market share gains in travel and other fast growing segments, (ii) effective price and category management, (iii) partnerships with suppliers that result in reduced costs and increased sales, (iv) new category launches and (v) the development of additional ancillary revenue sources, such as advertisement.

According to Confida, the Italian vending machine operator market is highly fragmented with approximately 2,000 players. The EVA reports that the top five operators in Italy held a combined market share of approximately one third of the market in 2011, and Confida data reports that the remaining players were mostly small, family-owned or local companies. The EVA also reports that the Group was the leading vending machine operator in Italy in 2011, the last year for which data is available. Management believes that we had a market share of approximately 11% in terms of revenues for the year ended

December 31, 2012. Furthermore, we believe that we are the only Italian vending machine operator that covers the entire national market.

We believe that our leading market position in Italy is a significant competitive advantage since vending machine operators' ability to maintain and increase profitability is directly related to economies of scale in distribution, logistics and purchasing power. The vending machine operator market is a niche industry which requires significant operational know-how as well as local scale and density. None of the largest vending machines operators in Europe are part of larger food distribution conglomerates, which suggests that the management of vending machines requires specific know-how. As a result, to set up a vending machine operation of scale in Italy, new entrants would need to make significant investments and would face numerous obstacles to successfully compete with the Group and other incumbent operators.

The French Vending Machine Operator Market

The EVA estimates that the size of the French vending machine operator market was worth approximately €2.1 billion in 2011 in terms of sales. At the end of 2011, there were approximately 640,00 vending machines installed in France. The French market exhibits higher number of Hot beverage vends at approximately 88%, compared to the Italian market at approximately 60% of vends (source: EVA 2012). Management believes that the high percentage of Hot beverage vends in France is due to the limited number of vending machines in public locations (compared to Italy, where we estimate slightly less than one third of all vending machines are installed in public locations). We believe that this trend is due to the fact that the French market is relatively underdeveloped compared to Italy and has lower vending machine penetration levels, particularly outside the major cities. We believe the other factors responsible for this include: (i) current anti-obesity laws in France which prohibit the installation of vending machines in schools and (ii) Hotels, Restaurants and Café ("**HoReCA**") industry groups which oppose vending machines; (iii) health and wellness concerns that require certain low-fat products and (iv) "green" sustainability requirements. However, we believe that the French travel segment for vending machines is slightly more developed than in Italy.

The difficult macroeconomic environment has restrained growth in the French market, with the overall vending machine installation growing annually by an average rate of 1.6% from 2009 to 2010 and 1.2% from 2010 to 2011, whereas the figures for Italy were 2.0% and −0.9%, respectively (source: EVA 2012). We believe this difference is to a large extent this is attributable to the Hot drinks segment, the segment that accounted for the overwhelming majority of vends in the French market in 2011, and which tends to be more resistant to fluctuations in the economy. In addition, the French market also saw total vends drop approximately 1.8%, but revenue increased by 1.2%, indicating vending machine operators have the ability to raise prices even in an uncertain economy (source: EVA 2011).

Like the Italian market, the French vending machine operator market is highly fragmented with two major clusters of players: (i) international players such as Autobar and Selecta and (ii) consortia. The EVA reports a trend of consolidation since 2009 in the French market. We believe that certain international players lead the market with an aggressive price strategy to supply high volume locations. Furthermore, we believe that the consortia, which are typically composed of a group of local companies (Dalliance, Prodia, Qualidea and others), pool certain functions to achieve economies of scale through a central purchasing department, lower general and administrative costs and saturation of logistics routes.

We believe we have been able to compete effectively in the French marketplace through focusing on economies of scale to contain costs, notably product and vending machine procurement, which we manage centrally from Italy where costs are lower due to our purchase volumes and agreements with vending machine suppliers. Moreover, the similarity of the Office Coffee Services market in France has allowed us to leverage our strong expertise in that segment to build market share. Our operational knowhow from decades of experience in the Italian marketplace also promotes efficiency. In France, our customer base comprises large corporates and SMEs.

The Spanish Vending Machine Operator Market

The EVA estimates that the size of the Spanish vending machine operator market was worth approximately €800 million in 2011 in terms of vends. At the end of 2011, there were approximately 370,000 vending machines installed in Spain.

Spain has a ratio of 8.1 vending machines for every 1,000 inhabitants, a much lower figure compared to approximately 9.8 vending machines for every 1,000 inhabitants in France and 12.6 vending machines for

every 1,000 inhabitants in Italy (source: EVA 2012). The number of vending machines and number of vends have declined by 4.4% and 10.6% from 2009 to 2010, respectively and 3.5% and 9.3% from 2010 to 2011, respectively, evidencing the unfavorable economic conditions (source: EVA 2012).

The Spanish vending machine operator market is still in an early stage of development, exhibiting high fragmentation among vending machine operators, though consolidation has increased since 2009. According to the EVA estimates, the top five operators in Spain held a combined market share of approximately 22% in 2011. We believe that the remaining players are mostly SMEs, predominantly family-owned.

Our strategy in Spain is to focus on vending machine density and supply and logistical efficiency in the main urban markets, particularly Madrid and Barcelona.

BUSINESS

Overview

We are the largest operator of vending machines in Italy and the third largest vending machine operator in Europe (excluding Coca Cola and Alois Dallmayr KG which operate vending machines but are also active in other businesses), with operations in France and Spain. Our Vending Business manages a network of approximately 144,000 vending machines and office coffee service machines located at corporate offices, institutions and public places through which we sell a broad range of products, including hot and cold beverages, in-between meals, snacks and confectionary. We leverage over 40 years of experience in the industry to build and maintain relationships with large institutional customers and SMEs: our contracts with these customers permit us to place our vending machines in many high-traffic and high-visibility locations throughout Italy and in key locations in France and Spain. In the year ended December 31, 2012, we reported revenues and Adjusted EBITDA of €297.8 million and €60.8 million, respectively. In the same year, we generated 87% of our revenues in Italy, with the remainder derived from operations in France (8%) and Spain (5%). We are headquartered in Seriate, Italy and our Class A Shares are listed on the Italian Stock Exchange.

Our business model covers the full spectrum of the value chain in the vending machine operator market. Our sales team originates new customer contracts allowing us to place vending machines on customers' premises and we also bid for concessions pursuant to public tenders to place vending machines with governmental entities and semi-public or large corporate entities. We purchase and customize our vending machines with the options and characteristics that our customers require and install them at their premises. Our central purchasing department sources the range of food and beverage products that our vending machines offer. Our customer contracts will typically specify a few products that a customer's vending machine should offer, but with our industry knowledge, we are also able to tailor our product offerings by type of location or region to achieve a superior product offering for consumers. We also provide our customers with restocking, maintenance, coin collection and customer service for the vending machines we operate.

Our vending machines are either automatic or semi-automatic and serve different segments of the food and beverage market. Our automatic machines are generally large, free standing vending machines favored by corporate or public institutional customers. These machines dispense products from the "Hot" beverage, "Snacks" and "Cold" beverage segments of the food and beverage market. Our semi-automatic machines are generally small pod machines that offer coffee and other hot drinks to SMEs and other corporate customers.

In the year ended December 31, 2012, our Vending Business generated approximately 96% of our revenues and 95% of our Adjusted EBITDA. In 2012, our Vending Business sold approximately 634.5 million of vends at an average price per vend of 43.3 euro cents. Despite difficult economic conditions we have managed to increase our Vending Business revenues from €264.6 million in 2011 to €274.6 million in 2012 mainly by increasing average price per vend of 41.5 euro cents to 43.3 euro cents, respectively. We focus on profitability through exploiting operational synergies from our extensive branch network of distribution and maintenance service operators and seeking to improve vending machine density, which refers to the placement of vending machines in close proximity to one another.

We have consolidated our Vending Business through organic growth and selective acquisitions within the highly fragmented Italian, French and Spanish markets. We believe we rank first in terms of market share by revenue in Italy, our core market. Our management estimates our market share to be 11%. In Italy, our vends are primarily generated in the Northwest, Northeast and Lazio regions, though our machines can be found nationwide. We believe we are the only national operator in Italy which can provide nationwide solutions to our customers. In France and Spain, we believe we are among the market leaders in terms of market share by revenue. Our vending machines in France are concentrated in Paris and urban areas in the Provence-Alpes-Côte d'Azur province. In Spain, we believe we are among the market leaders in the areas where we are present. Our vending machines in Spain are concentrated in urban areas, specifically the Madrid, Aragon, Navarre and Catalonia regions.

In addition to our Vending Business, we also operate a Coin Service Business through subsidiary companies that we acquired in March 2011 in conjunction with minority partners. Our Coin Service Business performs management of "metallic money", including collection, packaging and delivery for approximately €1,000 million equivalent in coins for a variety of customers, including our Vending Business and other customers such as banks, mass-retailers, third party vending operators, parking operators, train

stations and highway ticket offices. In the year ended December 31, 2012, our Coin Service Business generated approximately 4% of our revenues and 5% of our Adjusted EBITDA.

Our Strengths

We believe that our business benefits from the following competitive strengths:

We occupy a strong competitive position as a market leader in an industry with attractive market dynamics.

- *Attractive market dynamics*: As estimated by Confida, the Italian vending machine association, the Italian vending machine operator market was worth approximately €2.6 billion in revenue in 2011 and recorded year-on-year growth of 2.24% over 2010. We believe that revenue growth in this market is possible through building out the vending machine network and achieving higher revenue per vend by upgrading vending machine stock. Long-term, underlying trends that favor such growth include changes in consumer lifestyles and the attractive value proposition vending machines can offer consumers. According to Confida, consumers are increasingly relying on convenience snacks and meals available outside the home and workplace, which drives demand for convenience food and beverage offerings, for which vending machines like ours represent a primary distribution channel. Confida also estimates that 16.8 million Italians use vending machines annually, 43.6% of which make at least two purchases per week. In addition, products sold in vending machines are often available at significantly lower retail prices when compared to identical or analogous products sold in other retail channels, offering an attractive value proposition to consumers and providing vending machine operators like us considerable flexibility to adjust pricing. In fact, consumer purchases from vending machines show limited price sensitivity. For example, data from Confida suggests that vending machine operators can pass increased product costs to end consumers without adverse effects on overall revenues.
- *Market leadership*: With our 50 branches in Italy, we believe we are the only Italian vending machine operator to cover the entire Italian domestic market, with a market share in terms of revenue of approximately 11% for the year ended December 31, 2012, making us the clear market leader amid a highly fragmented market. We believe that the top five operators in Italy (including us) hold a combined market share of approximately one third, with the remaining players mostly small, family-owned or local companies. Our network of branches, particularly our nationwide coverage in Italy, foster operational and logistical synergies which reduce the cost of increasing the number of our vending machines. In addition, the close proximity of our vending machines to one another (called "**vending machine density**"), reduces the cost of restocking and maintenance, which is why increasing our density is one of our primary strategies for further consolidation and growth. Furthermore, our market position and size have allowed us to achieve economies of scale in product purchasing and distribution which are key drivers for our profit generation. As the only national operator in Italy offering nationwide solutions to customers, we are well positioned to gain large institutional contracts. For example, in 2012, we were awarded two contracts for the installation and management of vending machines located at the over 2,000 nationwide offices of Poste Italiane, the Italian postal service.

Our extensive roster of existing customers and strong reputation, together with our innovative product offerings, advanced vending machines and marketing and logistical prowess give us a significant competitive advantage over existing market participants (particularly for larger contracts).

- *Strong reputation with a diversified and loyal customer base*: We have developed a strong reputation and a well-balanced and diversified mix of loyal customers: for the year ended December 31, 2012, we served over 49,000 customers and no one customer accounted for more than 2% of our revenue. Our diverse customer base is particularly accentuated in Italy, where our top 100 and top 20 customers constituted only 27% and 14%, respectively of our revenue for the year ended December 31, 2012. Our customers are also loyal; our churn rates were 1.75%, 1.60% and 1.46% in each of the respective years ended December 31, 2010, 2011 and 2012. We believe that our customers choose our services over our competitors because they value: (i) our strong reputation, innovative product offerings and advanced vending machines, (ii) our ability to offer tailored, full-service solutions to meet clients' specific requirements, and (iii) our ability to provide a superior product mix compared to our competitors.
- *Innovation in product offerings and vending machine technology*: We have historically been at the forefront of innovation in the vending machine industry and today we strive for continual innovation in both the products we sell and our vending machines, which we believe are the most advanced in the industry. With respect to the products we sell, we work with our suppliers to achieve a superior product

assortment and retail pricing. We also carefully and efficiently manage our supply chain with a centralized purchasing division responsible for pricing and negotiation with suppliers and machine manufacturers, to maximize our commercial terms. With respect to our vending machines, we have developed an innovative and "smart" vending machine layout to maximize product visibility and increase the appeal of our products to consumers.

- *Logistical expertise*: We manage our network of vending machines with a state-of-the-art control system that allows us to monitor the status of each machine, and optimize the refilling process and maintenance, minimizing vending machine malfunctions and limiting out of stock products at each location. Our vending machine setting facilities is also located near one of our vending machine manufacturing suppliers to reduce transportation costs. Through our extensive network of 59 branches in three countries, we can manage our operations both effectively and efficiently.

We have a strong financial track record of revenue growth and visibility and a history of EBITDA growth and cash flow generation.

- *Revenue growth and visibility*: Over the three years 2010, 2011 and 2012, we increased our revenues every year primarily through organic growth and also through a variety of bolt-on and mid-sized acquisitions. We enjoy high visibility in our revenue generation, due primarily to: (i) our broad and diversified customer base, (ii) a low churn rate and (iii) our investments in logistics, which give us the ability to quickly adjust our product offerings to consumer demand.
- *Adjusted EBITDA growth*: Over the three years 2010, 2011 and 2012, we increased our Adjusted EBITDA every year through a combination of both organic growth and growth through acquisitions, despite a difficult macroeconomic environment. Beginning with the economic and financial crisis in 2009, we implemented numerous measures to improve margins, including retail price increases and measures to control costs. We believe that we generate superior Adjusted EBITDA performance compared to our peers: our Adjusted EBITDA increased from €57.7 million in 2010 to €60.8 million in 2012.
- *Cash flow generation*: The vending machine operator business is characterized by favorable working capital dynamics, driven by immediate cash collection at sale and high inventory rotation. We generated €43.2 million, €43.6 million and €39.9 million in cash provided by operating activities without giving effect to changes in working capital in the years ended December 31, 2010, 2011 and 2012, respectively. Our capital expenditures primarily relate to investments in new vending machines and external growth. In addition, we have been able to further reduce replacement capital expenditures through an increased focus on the in-house refurbishment (rather than replacement) of vending machines. Finally, we have always followed a disciplined approach to acquisitions and intend to do so in the future.

We have a highly experienced management team with a proven ability to execute our strategies.

- *Experienced management*: Our management team has decades of experience in the vending machine operator industry, with a unique mix of operational expertise coupled with manufacturing know-how. Indeed, we believe our current management has driven innovation in the Italian market and is highly regarded as the benchmark in the overall European market. Our management team has a proven ability to execute our strategy throughout the economic cycle, achieving both organic growth and growth through the integration of acquired businesses. The key members of our management board have over 90 years of combined experience gained in senior management positions in the vending machine operator industry, in marketing, operations, M&A and finance.
- *Proven success*: Since our predecessor IVS Group Holding's incorporation in 2006 through the merger of its predecessor companies, our current management team has delivered, among other things: (i) significant improvements in our financial and operational performance, (ii) cost savings and improved labor efficiency, (iii) the introduction of a range of industry leading innovations and (iv) the launch of two state-of-the-art vending machine maintenance and refurbishment facilities, to extend the life-cycle of our vending machines.

Our Strategies

We plan to increase the value of our business through organic growth and a disciplined acquisitions strategy in our primary markets. We also intend to invest in our product development and vending machine network, while strengthening our cash flow position. Our primary strategies to achieve these goals include:

We intend to focus on increasing vending machine density through organic growth in Italy and exploiting economies of scale and other cost-savings in the areas of logistics and distribution.

- *Increase density of vending machine network and penetrate under-served channels*: We believe there remains significant market demand for the placement of vending machines, especially in public areas. We intend to increase the density of our vending machine network through organic growth in Italy. We also seek to place more vending machines in under-served channels, such as the travel segment (i.e. railway, bus and subway stations and airports) in order to offer products to consumers outside of their workplaces. Increased vending machine density enables us to better leverage our fixed cost base because our existing distribution, maintenance and coin collection activities have the capacity to service additional vending machines.
- *Exploit economies of scale and other cost-savings*: We will continue to exploit economies of scale and other cost-savings, including by the refurbishment (rather than replacement) of existing vending machines and the careful management of our procurement, logistics and distribution activities. We will focus on central product purchasing and the efficient, but prompt, restocking of our vending machine network, made possible by our highly sophisticated information technology-based control system.

We will continue to consider selective acquisitions in Italy that increase vending machine density or present other favorable synergies, and potentially, small bolt-on acquisitions in France and Spain.

- *Growth through selective acquisitions in Italy*. Selective acquisitions will remain a key driver of our plans for future growth and increased profitability in Italy, primarily by seeking to acquire companies in strategic locations that improve our vending machine density. As in the past, we expect to grow through a disciplined consolidation strategy, acquiring smaller competitors that lack economies of scale and are hindered by limited pricing power and margin pressure, and integrating them into our network to achieve operating and pricing synergies. We believe such selective acquisitions will allow us to achieve operational synergies because it will allow us to further utilize the nationwide network of branches that we have already in place. We will also consider acquisitions of smaller companies in Italy with attractive existing contracts. For example, in 2012, we purchased a vending machine operator holding a contract with Aziende Trasporti Milanese S.p.A. which operates the Milan subway. By rolling out our model to the vending machine stock and customer lists of such smaller acquired companies, we can increase prices and achieve higher prices per vend.
- *Small bolt-on acquisitions in France and Spain*. We will continue to consider small bolt-on acquisitions in France and Spain that are accretive to our existing distribution and logistical networks. However, given the challenging economic environment in Spain in particular, acquisition opportunities will have to be extremely appealing.

We intend to continue investing in innovative vending machines, product development and new channels, while increasing operating margins by improving average selling prices.

We plan to consolidate and expand our business by: (i) increasing average selling prices by adjusting prices for products that have low consumer price sensitivity and a significant price gap when compared to identical or analogous products sold in other retail channels, (ii) expanding product offerings in response to the latest consumer trends (e.g. health and wellness), while further increasing the sophistication of our category management to maximize sales per machine and average prices, (iii) expanding product categories where convenience and service are key success factors (e.g. personal care, over-the-counter pharmaceuticals), and (iv) developing ancillary revenue (e.g. advertising).

We will focus on enhancing our already strong cash flow position and maintain a conservative leverage ratio.

By maximizing our product rotation and increasing our retail prices, where appropriate, we will continue to focus on cash flow generation. In addition, we expect to continue to reduce replacement capital expenditures through the refurbishment (rather than replacement) of vending machines. Finally, we intend to maintain a conservative leverage ratio.

Our History

We are a pioneer of the vending industry in Italy with approximately 40 years of experience. We were founded in 1972 by Mr. Cesare Cerea and Mr. Pietro Gualdi, both of whom are still with us, as International Vending Services S.p.A. In those early days of the vending machine operator industry, we focused on managing first-generation coin-operated vending machines with a simple selection of products. We continued to grow through the years both organically and through acquisitions, for example, in the 1980s we entered the Spanish market and in the 1990s we entered the French market by establishing IVS France. In 2006, we formed IVS Group Holding through the union of a number of vending machine operators, laying the foundation for our national coverage in Italy. Also in 2006, DAV, our Spanish subsidiary expanded its coverage to Pamplona, Spain. Since 2007, we have focused on building out our network through a series of small and medium-sized acquisitions and streamlining our inventory management, monitoring and payment systems by implementing state-of-the-art programs and processes. In 2011, we acquired our Coin Service Business to help manage the coins from our Vending Business and began actively seeking and winning coin management contracts for banks, large retailers and public transportation companies. Finally, in 2012, we entered into a business combination with Italy 1 Investment S.A., a publicly-traded SPAC which further strengthened our management abilities, financial position and capacity to implement an acquisition expansion strategy. See "*Presentation of Financial Information—The Merger.*"

Our Class A Shares are currently listed for trading on the *Mercato Telematico degli Investment Vehicles* or Investment Vehicles Market of the Italian Stock Exchange (*Borsa Italiana*) under ticker symbol "IVS." The Investment Vehicles Market is a regulated market open to professional investors only and dedicated to investment vehicles, including SPACs like the former Italy 1 Investment S.A. To allow our shares to be more widely held, we intend to migrate our listing from the Investment Vehicles Market to the *Mercato Telematico Azionario*, the market of the Italian Stock Exchange used for most publicly-traded corporations.

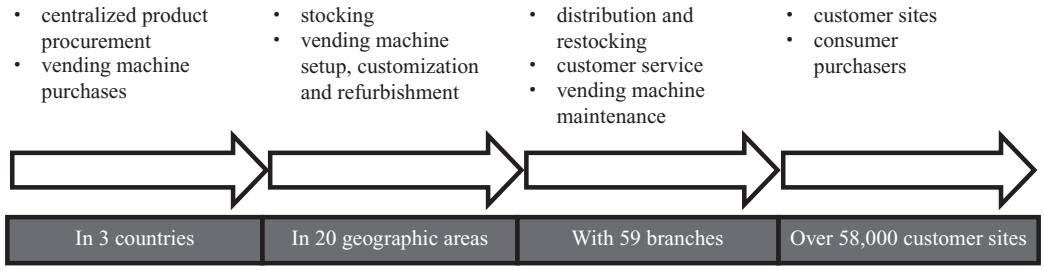
Our Business

Our Vending Business offers a variety of food and beverage services from vending machines located in a range of convenient locations in Italy, Spain and France, such as public and private offices, transportation hubs, schools and service stations. The Vending Business generated 96% of our revenue and 95% of our EBITDA for the year ended December 31, 2012. In addition, our Coin Service Business performs management of "metallic money", including collection, packaging and delivery for approximately €1,000 million equivalent in coins for the year ended December 31, 2012 on behalf of customers, including our Vending Business and other customers such as banks, mass-retailers, third party vending operators, parking operators, train stations and highway ticket offices. In the year ended December 31, 2012, our Coin Service Business generated approximately 4% of our revenues and 5% of our Adjusted EBITDA. Revenue in our Coin Service Business is generated in Italy, while our Vending Business generates revenues in Italy, France and Spain, as shown below.

Revenue from sales and services segments	December 31, 2010	2011	2012
	(thousands of €)		
Italy	224,691	225,478	236,171
France	24,329	24,450	23,739
Spain	14,433	14,699	14,741
Coin Service Business	—	6,766	11,378
Total revenue from sales and services	**263,453**	**271,393**	**286,029**

Products and Services in Our Vending Business

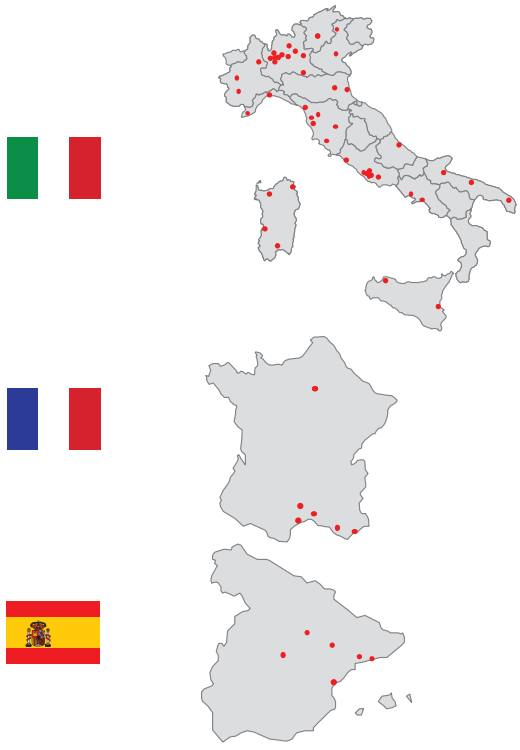
Our Vending Business manages vending machines at a variety of customer locations, dispensing food and beverage products to consumers at work and on the go. The value chain of products and services we provide can be summarized as follows:



- *Country level*: At the country level of Italy, France and Spain, we procure food and beverage items from our suppliers in the following market categories: "Hot & Cold Beverages", "Snacks" and "Office Coffee Services." We work with both international and national-level brands.
- *Geographical areas*: Within each country, our operations are further divided into geographic areas corresponding to political or other subdivisions of the countries in which we operate. It is here where we organize the setup and customization of new vending machines and the refurbishment of existing vending machines, as well as handle the initial stocking.
- *Branches*: We have 59 branches throughout Italy, France and Spain. Our branch managers supervise the distribution and restocking of products, sales and customer management (including cash collection) and vending machine maintenance, assisted by our centralized customer service call center and our monitoring systems.
- *Customer sites*: At over 58,000 customer sites as of December 31, 2012, consumers purchase the products they want, where and when they want them.

We believe our Vending Business is one of only three independent pan-European vending machine operators. With our 50 branches in Italy, we believe we are the only Italian vending machine operator to cover the entire Italian domestic market, with a market share in terms of revenues of approximately 11%

for the year ended December 31, 2012. In addition, our operations in France and Spain together accounted for approximately 14% of our total revenues for the year ended December 31, 2012.



As of December 31, 2012, we operate approximately 144,000 vending machines of which approximately 90,000 are automatic vending machines and approximately 54,000 are semi-automatic vending machines, serving different segments of the food and beverage market. Our automatic machines are generally larger, free standing vending machines favored by corporate or public institutional customers. Our semi-automatic machines are generally small pod machines that offer coffee and other hot drinks to SMEs and other corporate customers.

In the year ended December 31, 2012, our Italian Vending Business generated approximately 93% of its revenue from automatic vending machines and 7% of its revenue from semi-automatic vending machines. For the years ended December 31, 2012, 2011 and 2010, our Vending Business had total vends of approximately 634.5 million, 638.2 million and 664.5 million, respectively, at an average selling price of 43.3 euro cents, 41.4 euro cents and 39.6 euro cents, respectively. For the years ended December 31, 2012, 2011 and 2010, our Vending Business generated €2,670.1, €2,693.3 and €2,794.4, respectively, in vends per working day.

	Vending Business				
Year	Total number of vends (millions)	Average Selling Price per vend (euro cent)	Vends per working day (in thousands)	Gross profit per vend (euro cent)	Adjusted EBITDA per vend (euro cent)
2010	664.5	39.6	2,794	29.3	8.77
2011	638.2	41.4	2,693	30.5	9.30
2012	634.5	43.3	2,670	32.0	9.58

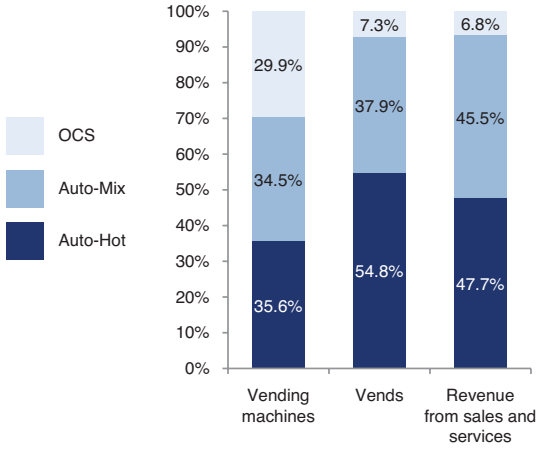
Automatic vending machines

Our automatic machines dispense products from the "Hot" and "Cold" beverages and "Snacks" segments of the food and beverage market and can be categorized as follows: (i) "Hot" machines, which dispense hot beverages, prepared instantly and (ii) "Mix" machines, which provide cold beverages, food, snacks and sandwiches. Our automatic vending machines we operate offer customers and consumers a broad range of products, including coffee and tea, soft drinks as well as in-between meals, snacks and confectionary. We are able to tailor the product offering of each automatic vending machine to the specifications of the customer. Because of the larger size of automatic vending machines, the majority of customers are corporate or public institutions. Larger customers tend to organize periodic tenders for exclusive, multi-year contracts, in some cases for placing vending machines at multiple locations. Our automatic vending machine network spans the length of Italy and has sizeable footprints in France and Spain. As of March 2012, our Hot automatic vending machines have an average age of 3.9 years and our Mix automatic vending machines had an average age of 4.0 years. Our automatic vending machines have a useful life of approximately 8 years and their replacement cost is on average €1,500 to €2,000.

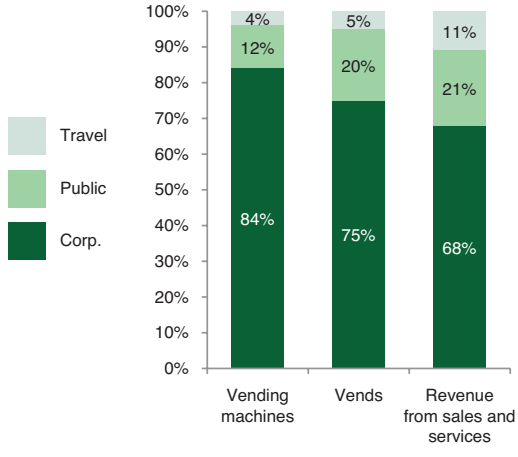
Semi-automatic vending machines

Semi-automatic vending machines offer coffee and hot beverages vending solutions. These are "Hot" vending machines, primarily focused on the OCS segment of the food and beverage market (see also "*Industry*"). These vending machines are typically positioned on a base or a table and are targeted for and located at small to large commercial businesses and offices. The OCS business is characterized by small customers such as shops and professional firms, with contracts that tend to be less formalized. Typically, the OCS vending machines are linked to a specific coffee brands such as Nespresso or Lavazza. The majority of these machines are not coin operated, rather we bill our customers pursuant to monthly invoices or according to their consumption of cups, stirrers and hot beverage pods, whereas the customer provides the electricity and water for the machine. As of March 2012, our semi-automatic OCS machines have an average age of 5.2 years.

Italy Vending Business statistics by type of vending machine/product (2012)



Italy automatic vending machine statistics by type of location (2012)



Source: IVS. OCS revenues come from sales of Coffee capsules. AVM revenues are from cash collection.
Note: Public includes Universities, Schools, Hospitals and offices opened to the public

Customers and Consumers in Our Vending Business

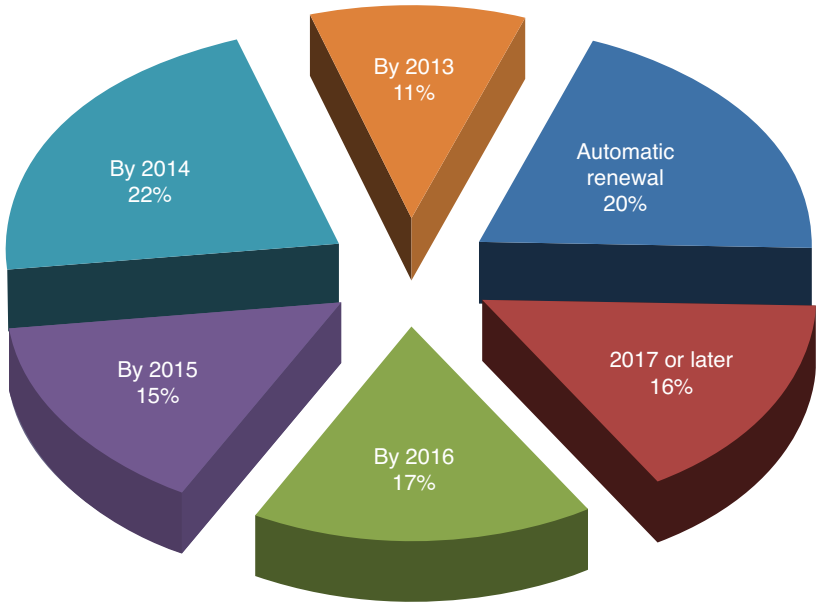
Customers

We serve a highly diversified customer base, comprised of approximately 57,000 customer sites, ranging from small and large corporates to public authorities, such as transportation hubs and service stations. We believe the diversity of our customer base constitutes a strength because we acquire and maintain deep local knowledge of all parts of the vending machine operator sector with respect to private and public companies, corporates and public institutions, thereby maximizing our ability to retain and win new customer relationships. This diversity of our customer base is particularly apparent in Italy, where our top 20 customers constituted only 14% of our revenue for the year ended December 31, 2012 and no one customer accounted for more than 2% of our revenue in the same period. In France, our top

100 customers constituted approximately one third of our revenue for the year ended December 31, 2012. In Spain, our top 100 customers are more concentrated reflecting the strong relationships our local subsidiary DAV has built in that market, with our top 100 customers constituting approximately half of our revenue for the year ended December 31, 2012.

The chart below sets forth the breakdown of the expiry dates of our top 100 customers for Italy. However, large contracts with the Italian railways do not expire until 2028.

Italy top 100 customer contracts breakdown by expiry date (2013)



For large corporate customers, public authorities and semi-public institutions, we generally pay a usage fee ("**redevance cost**") to place our vending machines on their premises. Redevance costs are generally negotiated according to formulas related to past and/or expected traffic in the relevant location and number of vends. Our long experience in the vending machine operator industry provides us with relevant datasets to help determine competitive yet prudent redevance costs. For SMEs, usage fees are less common and generally there is no charge to us to place our vending machines on their premises. Our automatic vending machines generally provide for a variety of methods of payment depending on the type of location; for vending machines placed at customers' facilities or offices, we can arrange for prepaid payment cards to accommodate their employees. Our Office Coffee Services semi-automatic machines are generally not coin- or payment-operated, rather, we provide cups, stirrers and hot beverage pods (mostly coffee) and we invoice the customer depending on the consumption of its employees or pursuant to other fixed arrangements.

Our sales team coordinates and monitors the renewal of customer contracts and the public and large corporation tenders in which we participate. We believe our reputation for quality, excellent service, customer care and innovation has enabled us to form strong and lasting customer relationships, in some instances spanning decades, across a broad range of both small and large customers. The table below sets forth our churn rate and acquisition rate for the years ended December 31, 2010, 2011 and 2012.

	Churn Rate	Acquisition Rate
Year ended December 31, 2010	1.75%	1.84%
Year ended December 31, 2011	1.60%	1.66%
Year ended December 31, 2012	1.46%	2.08%

Consumers

Food and beverage products offered through our vending machines are purchased by individuals who consume such items during breaks, as in-between meals at the workplace, at recreational or educational facilities, in hospitals or government offices or while on the go on public transportation systems or at highway service stations. Though we contract with both large and small, public and private customers to

place our vending machines at their premises, we recognize that our ultimate success is in the hands of individual consumers who patronize our vending machines every day. As a result, we devote significant resources to the user experience through customizing and maintaining our vending machines and keeping them well-stocked with international brand-name and local items that appeal to a variety of demographics and palettes. Due to our deep network of vending machines in Italy, France and Spain, we are able to analyze broad volumes of data which benefits us when determining what locations are likely to be high-traffic and which products are likely to appeal to a wide spectrum of consumers. In addition, the state-of-the-art control system that we use to manage our vending machines allows us to monitor in the status of each machine, and optimize the refilling process to tailor our product offerings to consumer preferences.

Consumers can pay through the following means depending on the location: (i) coins and banknotes, (ii) employee cash card (a card which has been pre-loaded with money) and (ii) bank cards and credit cards.

Sales, management and customer care

We have organized our sales and commercial activities similar to our distribution and maintenance activities, by geography divided into national, regional and branch level. Typically one commercial director is responsible for area managers who are in turn responsible for sales representatives. The commercial director is in charge of the overall commercial strategy including the setting of budgets, guidelines and customers relationship management. The area manager coordinates the sales representatives who are categorized either as development (focused on new customers) or management (focused on existing customers) sales representative.

We have developed stringent and clear procedures to achieve efficient and effective customer care. Our business operates with the support of sophisticated and centralized call centers (one of Italy, one in France and two in Spain (for Spanish and Catalan)) which are integrated into our central management business procedures. Our relevant call centers telephone numbers are displayed on every machine allowing customers to directly get in touch with us for a quick resolution of any maintenance or other issues that may need to be addressed.

Operations and Facilities of Our Vending Business

We operate our Vending Business with a full service approach focused on quality, reliability and innovation. We provide our customers with one or more vending machines on their premises while taking care of the refilling of products, money collection and the maintenance of the vending machines. Our business model covers the whole value chain of vending machine operation and is comprised of the following key activities: (i) maintenance and distribution, (ii) product procurement, (iii) purchasing and refurbishment of vending machines, and (iv) customer sales and management. The majority of our operating costs relate to our existing comprehensive distribution and logistical network. Through our extensive network of 59 branches in Italy, France and Spain, we can manage our operations both effectively and efficiently.

An integral factor in our operations management is our highly sophisticated information technology-based control system, which enables us to monitor in the status of each vending machine, allowing us to optimize the product restocking process, maintenance and category management.

Maintenance and distribution

The maintenance and distribution infrastructure of our Vending Business is organized into three geographic levels: national, area and branch. Typically one operation director on the national level manages area supervisors which in return are responsible for the technicians or logistics personnel that work at the branch level. Our operation directors generally manage and monitor maintenance and distribution strategy centrally, as well as coordinate the activities of our area managers. Area managers are assigned by function, either restocking or technical supervision, and are responsible for the definition and coordination of the respective logistic strategy for their areas. As of December 31, 2012, we employed approximately 1,350 technical and restocking personnel whose duties included the changing of product prices, the restocking of vending machines and the downloading of vending machine transaction data. Some of our restocking efforts are outsourced to a cooperative (comprising 16% of our total workforce as of December 31, 2012). Cash collection is integrated with the restocking operations in order to maximize efficiency, and the coins generated by our Vending Business are processed by our Coin Service Business.

Our control system is central to coordinating maintenance and distribution and deploying our personnel. These tools provide management and supervisors with the ability to pinpoint where maintenance and restocking services are required and provides us with several benefits such as: (i) better customer service with faster response time, (ii) minimization of lost sales due to empty machines and (iii) optimization of the restocking process (and minimization of the associated costs). Our monitoring systems have reduced the number of refill requests we receive from customers by 13% from 2010 to 2011 and by 24% from 2011 to 2012, despite an increase in the size of our network. In addition, the number of technical assistance requests performed within eight hours has increased from 78.7% in 2010 to 88.1% in 2012. See also "*Risk Factors—Risks Related to Our Business—A failure of our key information technology, inventory management and maintenance systems or processes could have a material adverse effect on our ability to conduct our business.*"

Product deliveries are accepted and then stored in one of our 59 branches, each of which has its own warehouse space. From there, area managers supervise the distribution and restocking of vending machines under their remit.

Product procurement

We manage a centralized purchasing department which is responsible for the entire procurement of products on a global basis. We source a majority of goods from well-known producers including brands such as Coca-Cola, Lavazza, Mars, Nespresso, Algida, Red Bull, Twinings, Loacker, Kraft Foods, San Carlo, Ferrarelle, Nestlé, Beretta, Yoga, Ferrero, Scotti, Schweppes, Ristora Instant Drinks, Vicenzi Group, Pepsi, Saiwa, Ringo, San Pellegrino, San Benedetto and Santal. We choose all of our suppliers of food and beverages carefully and value maintaining a broad supplier base. For some of the most well-known producers of branded products, we represent their largest distribution channel in the vending machine segment. Together with some of our suppliers, we have developed tailor-made packaging solutions to enhance the sales of their products using our vending machines. In addition, we believe that the vending machine distribution channel is an attractive value proposition for our suppliers because it represents, along with the large fast-moving consumer goods distribution channel (e.g., supermarkets), a method to reach the final consumer directly.

The enactment and national implementation of the Directive 2011/7/EU (the "**EU Late Payments Directive**") generally requires us to settle trade payables between 30 to 60 days, depending on the nature of the transaction. For purchases of certain raw food products, depending on the supplier and legal requirements, we must settle our trade payables within 60 days which created a one-off impact on our working capital in the year ended December 31, 2012.

Purchasing and refurbishment of vending machines

We have invested in and developed strong relationships with certain vending machine manufacturers. We continuously evaluate all of our suppliers and maintain preferred business relationships with various suppliers of vending machines. The supply of most of the vending machines is coordinated and managed from our headquarters on a European level. Typically, the base vending machine is delivered to us and is then modified with extra features such as payment systems, filtering systems, telemetry or light-emitting diodes. The functionality of the vending machine is tailored to the specific needs and requests of the customer.

In order to optimize the total lifecycle of the vending machines and to reduce the overall annual investment requirements, since 2009 we have been increasing our refurbishment activities. Today, we operate two refurbishment centers located in Pomezia and Orio al Serio, Italy and our branches in Paris and Nice, France and Barcelona, Spain include refurbishment functions for the relevant geographies. The costs for refurbishment are much lower than a newly purchased vending machine, thanks to our unique know-how among vending machine operators. From 2009 to 2012 the number of refurbished automatic machines increased by approximately one third, with a corresponding decrease in the number of purchased automatic machines in the same period.

Our Coin Service Business

Building on our specialized expertise in managing the logistics of the large-scale operation of vending machines, on March, 31 2011, we acquired, in conjunction with minority partners, a controlling stake in the subsidiaries that operate our Coin Service Business. Our Coin Service Business manages metallic money in

various ways, including the collection, packaging and delivery of coins for customers such as banks, large retailers, vending operators (including our Vending Business), train and highway ticket offices.

Our Coin Service business operates only in Italy from seven coin handling facilities. Each facility contains state-of-the-art coin processing and packaging machines which can count up and package coins. An advanced video surveillance and security system protects our facilities and we track the locations of our vehicles by satellite.

Environment and Sustainability

We are committed to operating our business while respecting the environment and other social considerations. As a company, we are increasingly aware of nutritional, environmental and sustainability issues and we recognize that many of our customers and consumers have similar concerns. As a result, we have developed a number of eco-projects under our "Vending Made Responsible" brand which we have implemented in Italy, France and Spain. One such initiative is "Bio Break," in which we purchase fair trade and organically farmed coffee beans for certain of our Office Coffee Service customers and use cardboard cups and wooden stirrers made from recycled materials. "Bio Break" also includes our efforts to stock healthy choices such as fresh fruits and yoghurts and to cater to consumers with certain dietary restrictions. Another initiative is our "Eco-sustainable company" policy which includes a wide range of environmentally-friendly policies such as special energy saving modes for certain vending machines, a fleet of methane and electric vehicles so that our restocking activities are carried out in a low-impact way and the use of photovoltaic panels at our Group headquarters in Italy to reduce our consumption of fossil fuels and our carbon dioxide emissions. Finally, we take care to customize and design our vending machines that takes into account the needs of disabled users.

In Italy, we have achieved ISO 14000 environmental certification which is a family of standards related to environmental management focused on the development of processes to proactively monitor and reduce activities that could negatively affect the environment and seek to achieve continual improvements thereof. As a result of this commitment, we only use ISO 14000-certified suppliers.

Employees

As of December 31, 2012, our Group employed 2,038 workers (of which approximately 1,350 dedicated to restocking, providing technical assistance and customer care). Restocking and related logistics represents the function with the highest number of employees, followed by technicians, hardware logistics, sales and finance.

The following tables shows a breakdown of our Group companies' employees by category as of the periods indicated.

	As of December 31,	
	2011	2012
	(numbers of employees)	
Executives	—	3
Managers	47	46
Employees	570	761
Workers	1,387	1,212
Trainees	17	16
Total	**2,021**	**2,038**

Competition and Market Position

Vending Business

The European vending machine operator market is characterized by significant fragmentation and intense competition. We are one of the few vending machine operators competing on a European level. According to the EVA, we were the leading vending machine operator in Italy and we were the third largest vending machine operator in Europe in 2011 (excluding Coca Cola and Alois Dallmayr KG which operate but are also active in other businesses). On a European level, our chief competitors include Selecta and Autobar, both of which compete in multiple geographies in Europe, including France and Spain, but neither of which is present in Italy. We also compete with medium-sized players such as D.E Master Blenders 1753

(formerly known as Sara Lee), Argenta, Café+Co and Alois Dallmayr KG. In addition, we confront myriad small players that operate a few vending machines each in discrete locations. See "*Industry*," "*Risk Factors—Risks Related to Our Business—We operate in highly competitive industries, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our services*" and "*Risk Factors—Risks Related to Our Business—We are susceptible to claims of anti-competitive practices.*"

Due to the nature of the products we offer in the food and beverages sector, specifically in-between meals, snacks and confectionary for consumers on the go, we also compete with different service providers, notably fast food and take-away chains, cafés and bars, kiosks and sandwich shops. Many of our vending machines are located in close proximity to such establishments and consumers may make their in-between meal, snack or coffee selection based on a variety of factors and taking into account, among other things, the consumer's available time, the different providers' product offerings and price.

Coin Service Business

Our Coin Service Business competes certain large security and cash handling/secured transportation companies that offer, among other security and surveillance services, coin management. We also compete with smaller coin management companies that operate at a regional level, whereas our Coin Service Business has a nationwide reach and we believe it is the only nationwide operator solely focused on coin management.

Property and Equipment

We conduct our Vending Business and Coin Service Business primarily through the leasing of property and also the ownership of machines (vending machines in the case of Vending Business and coin counting machines in the case of the Coin Service Business). We lease 59 branches in Italy, France and Spain and we have also rented an office in Luxembourg, where the Parent Guarantor is incorporated. Our properties are typically leased for fixed period of years. In general our lease agreements are terminable at our option prior to the maturity date, in certain cases with a penalty. In certain instances, our leases are structured as finance leases, granting us the option to purchase the property at the maturity of the lease for a set sum, plus any taxes payable. We believe that our facilities, which are of varying ages and types of construction, are in good condition, are suitable for our operations and generally provide sufficient capacity to meet our requirements for the foreseeable future.

With respect to other fixed assets, we own approximately 144,000 vending machines as part of our Vending Business and a fleet of vehicles dedicated to restocking our vending business. For our Coin Service Business, we own and lease machines and other equipment relating to our Coin Service Business with a total value of €87.6 million and €9.1 million, respectively, and as of December 31, 2012. We believe our equipment is in good condition, suitable for our operations and their uses within the Group.

Intellectual Property

We reply on a combination of trademarks, licenses agreements, non-disclosure agreements and proprietary know-how to protect our proprietary rights. We do not believe that any individual item of our intellectual property portfolio is material to our business. We employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants to protect our trade secrets and know-how. We are the holder of various national and European Community trademarks for our various brand names in the markets in which we operate. To date, no third party has brought legal or administrative proceedings challenging the validity of our trademarks.

Research and Development

Our research and development efforts are focused on three areas: (i) vending machine technologies, customization and refurbishment, (ii) product innovation, and (iii) customers and consumers. In the area of vending machine technologies, customization and refurbishment, we focus on developing new POS payment systems involving digital and credit card payments, research into new methods of monitoring product stock and machine status and refurbishment techniques to extend the useful life of our vending machines. Our efforts also include improvement of datalinks with our central network to accurately transmit sales information and maintenance issues so that such information can be utilized. In the area of product innovation, we work with our food and beverage suppliers to design or modify their packaging with a view to maintaining an appropriate temperature, preserving taste and flavor and catching the consumer's eye. In the area of customers and consumers, we analyze and interpret data we receive from our vending

machines to determine the right product offering for diverse demographics and locations. We also solicit regular feedback from our customers in an effort to continually improve our products and services.

Our research and development is concentrated at our headquarters in Seriate, Italy.

Regulation and Quality Control

Vending Business

We operate in a regulated environment and are subject to various laws and regulations administered by local, national and other government entities and agencies in Italy, France and Spain and at the European Union level, regarding food hygiene and food labeling requirements, environmental protection, public tenders, worker and public health and safety, among others matters. Our regulators include the European Food Safety Authority, the Italian National Committee for Food Safety (*Comitato nazionale per la sicurezza alimentare*), the French Agency for Food, Environment and Occupational Health and Safety (*Agence nationale de sécurité sanitaire de l'alimentation, de l'environnement et du travail*) and the Spanish Food Safety and Nutrition Agency (*Agencia española de seguridad alimentaria y nutrición*).

European-level regulations which affect our business include, but are not limited to, EU Regulation 852/2004 of April 29, 2004 on the hygiene of foodstuffs and EU Regulation 853/2004 of April 29, 2004 laying down specific hygiene rules for the hygiene of foodstuffs (together, the "**Foodstuffs Hygiene Regulations**") and EU Regulation 1169/2011 of October 25, 2011 on the provision of food information to consumers (the "**Food Information Regulation**"). The Foodstuffs Hygiene Regulations require, among other things, that we obtain and maintain hazard analysis and critical control points certification, including instructing our employees in this regard. We are also required to undertake certain information reporting to the competent public health authorities regarding our business practices and, in some cases, to consult with such authorities before we make material changes to our distribution network. In addition, the Foodstuffs Hygiene Regulations include more stringent requirements for food products of animal origin which we may sell in our vending machines, for example, sandwiches containing cooked and cured meats, patés, smoked or cured fish, sausage or cured meat snacks, soft cheeses or pastries made with eggs or cheese. European legislation regulates the temperature settings at which these products must be kept (below 8° Celsius) as well as the length of time they can be displayed. Vending machine operators are not required to furnish food information pursuant to the Food Information Regulation and the provisions regarding allergen labeling in hot beverages do apply to Office Coffee Services business. Though vending machine operators are exempt from some regulations because we are not categorized as food producers, we must still comply with European regulations that are relevant to certain of our products and be able to make assessments according to each situation.

With respect to food safety and hygiene, we have adopted a company hygiene practices manual which: (i) includes regular training for our existing employees and new hires, (ii) requires preventive and regular maintenance and cleaning of the vending machines, and (iii) mandates the use of products that have been specifically tested for the food sector. We are also subject to provisions of Legislative Decree 152/2006 (Environmental Code) regulating, *inter alia,* emissions in the air and waste disposal.

In recent years, national and local authorities have begun introducing regulations and requirements motivated by concerns regarding nutrition and environmental sustainability. These measures have included, among other things, greater emphasis on food labeling and disclosure of nutritional content, requirements to utilize recyclable packaging materials, and additional taxes on food and beverage items with high sugar content. For example, since 2005, France only allows vending machines in schools to stock products such as edible seeds, unsalted nuts and fruit and vegetables. No confectionery, chocolates or crisps are allowed and the only permissible beverages are water, pure fruit juices, yoghurt and milk drinks, low-calorie hot chocolate, tea and coffee. See "*Risk Factors—Risks Related to Our Business—The food and beverage industry is highly regulated and our business could be materially adversely affected by changes in governmental regulation and legislation or by associated compliance costs. Moreover, failure to comply with governmental regulations could result in the imposition of fines or restrictions on operations and remedial liabilities*" and "*Risk Factors—Risks Related to Our Business—Perishable food product losses could materially impact our results.*"

In addition, as operators of equipment, we are also required to operate our vending machines according to national and European Union level standards regarding energy consumption and, in some cases, standards regarding the use of certain compounds related to refrigeration.

Moreover, when we compete for public administration contracts, for example, tenders to supply vending machines or provide coin management services to transportation authorities, we must comply with applicable national regulations regarding public tenders. According to Italian law, supply, works and services contracts between contracting authorities and contractors, suppliers, or service providers such as ourselves, are governed by Legislative Decree April 12, 2006, No. 163 and Presidential Decree October 5, 2010, No. 207, though contracting authorities may, under certain conditions, derogate from certain provisions thereunder. Such regulations require that contracts with public authorities are generally not automatically renewable and must be put to public tender through a transparent bidding process.

Our quality, hygiene, safety and environment integrated quality control system has been ISO 9001-2008 and ISO 14001:2004 certified and this is our main tool to comply with the applicable Italian and European trade regulations in the field of quality assurance.

We believe our Vending Business is in material compliance with all laws and regulations with respect to food safety, hygiene and safety and work matters (or administrative orders relating to alleged prior violations thereof) applicable in markets in which we operate.

Coin Service Business

Our coin handling machinery is designed to detect counterfeit or unfit coins that come into our possession as required pursuant to European legislation implemented in Italy pursuant to Law Decree 350/2001 of September 26, 2011, as amended. Counterfeit or unfit coins are handed over to the competent authorities. Our Coin Service Business is also subject to the provisions of Royal Decree No. 773 of June 18, 1931 regarding coin handling. We are also subject to regulation with respect to our security arrangements at our facilities under applicable Italian law. We believe our Coin Service Business is in material compliance with all laws and regulations related to anti-counterfeiting and public safety.

Insurance

We maintain insurance coverage under various liability and property insurance policies for, among other things, damages in the areas of operations, environmental liabilities and business interruption. Our vending machines are insured against third party claims and they carry certain insurance protection against damage or vandalism. Our other fixed assets, such as technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment, are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage. We also maintain various legal services, transportation, accident and motor vehicle insurance policies as well as a directors' and officers' liability insurance. We believe that the level of insurance which we maintain is appropriate for the risks of our business and is comparable, in each case, to that maintained by other companies in our markets operating in the same business lines.

We do not have insurance coverage for all interruptions as a result of operational risks because in our view, these risks cannot be insured or can only be insured on unreasonable terms. See "*Risk Factors—Risks Related to Our Business—Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance*" and "*Risk Factors—Risks Related to Our Business—We are exposed to credit risk related to our customers which may cause us to make larger allowances for doubtful trade receivables or incur write-offs related to impaired debts*."

Legal Proceedings

We are party to various legal proceedings (including tax audits) involving routine claims that are incidental to our business. Although our legal and financial liabilities with respect to such proceedings cannot be estimated with certainty, we do not believe that the outcome of these legal proceedings, individually or in the aggregate, will be materially adverse to our business, financial position or results of operations. See "*Risk Factors—Risks Related to Our Business—We are subject to risks related to litigation and other legal proceedings in the normal course of our business and otherwise*" and "*Risk Factors—Risks Related to Our Business—We are from time to time involved in various tax audits and investigations and we may face tax liabilities in the future*."

MANAGEMENT

The Issuer

The Issuer is a direct, wholly-owned subsidiary of the Parent Guarantor established to provide financing and treasury services to the companies of the Group; moreover the Issuer may manage and supply vending machines and commercialize food and beverage products. It was incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy on March 12, 2013, and it is registered under number 03899140168 with the Register of Companies of Bergamo (*Registro delle Imprese di Bergamo*) with registered office at Via Dell'Artigianato, 25, 24068 Seriate (Bergamo), Italy and its telephone number is +39 035 30 16 95.

The persons set forth below are the current members of the Board of Directors of the Issuer. The business address of the members of the Board of Directors of the Issuer is the registered address of the Issuer, Via Dell'Artigianato, 25 24068 Seriate (Bergamo), Italy.

The Board of Directors of the Issuer manages the business activities of the Issuer.

Name	Age	Position
Mr. Cesare Cerea	63	Chairman
Mr. Massimo Paravisi	44	Director
Mr. Massimo Trapletti	51	Director

For biographic information concerning the Board of Directors of the Issuer, see "*—The Parent Guarantor—Board of Directors*."

The Parent Guarantor

The Parent Guarantor was incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg on August 26, 2010, and is registered under number B155.294 with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*). The Parent Guarantor's registered office is at 2A, Rue Jean-Baptiste Esch, L-1473 Luxembourg and its operational headquarters is at Via dell'Artigianato, 25, Seriate (BG) 24068, Italy and its telephone numbers are +352 27 12 55 41 and +39 035 30 16 95.

Board of Directors

The persons set forth below are the current members of the Board of Directors of the Parent Guarantor. The business address of the members of the Board of Directors of the Parent Guarantor is the registered office of the Parent Guarantor, 2A, Rue Jean-Baptiste Esch, L-1473 Luxembourg.

The Board of Directors of the Parent Guarantor manages the business activities of the Parent Guarantor.

Name	Age	Position
Mr. Cesare Cerea	63	Chairman
Mr. Massimo Paravisi	44	Co-Chief Executive Officer
Mr. Massimo Trapletti	51	Co-Chief Executive Officer
Mr. Antonio Tartaro	46	Chief Financial Officer
Mr. Paolo Covre	65	Vice Chairman
Mr. Vito Alfonso Gamberale	66	Vice Chairman
Ms. Adriana Cerea	65	Director
Ms. Monica Cerea	37	Director
Mr. Luigi De Puppi	69	Independent Non-Executive Director
Mr. Mariano Ermanno Frey	74	Independent Non-Executive Director
Mr. Gian Maria Gros-Pietro	70	Independent Non-Executive Director
Mr. Carlo Giovanni Mammola	51	Non-Executive Director
Ms. Mariella Trapletti	59	Non-Executive Director

Cesare Cerea is the founder and guiding leader of our predecessor IVS Group Holding. Mr. Cerea drove the innovation of the vending machine sector from "old-style coin-only drop" vending machines of the 1970s to innovative point-of-sales with a multiple selection of clearly visible products, stored at different temperatures.

Massimo Paravisi, Co-Chief Executive Officer, has spent his entire career with us and our predecessor IVS. His duties as Co-CEO concern front office operations, including sales, marketing and quality assurance.

Massimo Trapletti has served as our Co-Chief Executive Officer since the Merger. Prior to joining our Group, he was Chief Executive Officer of BVG S.p.A., a company that has merged with Bianchi Vending S.p.A. (manufacturer of vending machines for hot and cold drinks and snacks) of which he was General Manager. Previously, Mr. Trapletti was branch manager of Moto Vespa S.A. where he supported the development of the sales to France and Spain. From 1989 to 1991, he was Commercial Director for Italy of FIV Edoardo Bianchi (one of the leading Italian bicycle manufacturer company eventually sold to the Piaggio S.p.A. group). He commenced his career in sales with Slim Italiana S.p.A. (specializing in the production of bicycle frames company), where he served as factory manager.

Antonio Tartaro is our Chief Financial Officer and Chief Information Officer. He holds a license as a Certificated Public Accountant in Italy. Previously, he served as Chief Financial Officer and Chief Information Officer of Bianchi Vending S.p.A. (manufacturer of vending machines for hot and cold drinks and snacks) where he contributed to create the Bianchi Vending group as a result of the merger between Nuova Bianchi S.p.A. and Tecnomet Italia S.p.A. and in particular he supported, *inter alia*, the definition and implementation of the international cash pooling and the working capital management system. Furthermore, Mr. Tartaro collaborated in the start-up of new branches in Chile and Europe. From 2000 to 2002, he was managing director of Nuova Bianchi S.p.A. and from 1994 to 1999, he was project manager of S.E.F.—Servizi Economici e Finanziari S.r.l. He commenced his career with Studio Associato Tartaro, a consulting firm.

Paolo Covre serves as our Vice Chairman. In 1970, he commenced his career with companies belonging to the Zanussi Group, a manufacturer of domestic kitchen and cleaning appliances. In 1981, he obtained his Certified Public Accountant license registered with the college of Certified Public Accountant in Friuli, Italy. In 1995, he founded the CP & Partners S.r.l., a consulting company, with other Certified Public Accountants, including Paolo Cerutti, Fabrizio Testa and Massimo Troppina. Subsequently, in 1999 he founded the Studio Associato CP & Partners that presently employs more than 40 professionals. Mr. Covre currently holds the following positions: he is chairman of the board of directors of Sisvel S.p.A. and Sigma S.p.A.; and of SIM2 Multimedia S.p.A., a director of Goriziane Group S.p.A. and the sole director of Eurofinim S.r.l.

Vito Alfonso Gamberale was Chairman and Executive Director of the Board of Directors of Italy1 and presently serves as the Vice Chairman of our Board of Directors. In addition to his role in our Group, Mr. Gamberale is the Chief Executive Officer of Fondi Italiani per le Infrastrutture SGR S.p.A., the management company of F2i, an Italian fund amounting to €1.8 billion funded by sovereign and financial sponsors. He has worked with F2i since its establishment in January 2007. He is also a senior advisor to RiverRock European Capital Partners LLP. Previously, Mr. Gamberale was chief executive officer of Autostrade S.p.A. (today Atlantia S.p.A.), one of the leading European construction and motorway toll management companies; deputy chairman of 21 Investimenti, the Benetton family's private equity fund; chief executive officer of SIP (today Telecom Italia S.p.A.), supporting the development of mobile telephony in Italy, later taking on the role of chief executive officer of TIM (Telecom Italia Mobile). From 1984 to 1991, he was chairman and chief executive officer of several companies of the Eni group, the main Italian integrated multinational group within the oil and gas sector. He started his career in the corporate finance sector, advising in connection with mergers and acquisitions, startup, restructuring and privatization transactions, initially at IMI (*Istituto Mobiliare Italiano*) and then at GEPI (*Società per le Gestioni e Partecipazioni Industriali*). Mr. Gamberale is also chairman of the *Amici della Speranza* Association, an NGO in support of the hematology ward of San Giovanni Hospital in Rome. He holds a degree in mechanical engineering from La Sapienza University of Rome.

Adriana Cerea serves on our Board of Directors. Prior to joining our Group, he was responsible for the human resources area and was also responsible for corporate relations, administrative and accounting of Bergamo Distributori S.p.A., Elledi S.r.l., Gestioni Servizi Automatici S.r.l. until their incorporation in IVS Group Holding in 2006. Since 2006, she has become responsible for the Group's human resources functions.

Monica Cerea serves on our Board of Directors. From 1999 to 2004, she worked for LD S.r.l. where she was responsible for the administrative and accounting area. In 2005, she collaborated with Studio Tributario di Romano di Lombardia as tax advisor and labor advisor. Since 2008, Ms. Cerea has worked for the Group in the area of human resources, specifically compensation and benefits where she is responsible, *inter alia*, of job description and job analysis.

Luigi De Puppi serves as an Independent Non-Executive Director on our Board of Directors. In addition to his position with our Group, he is the Chairman of Alleanza Toro S.p.A. and DAS. In 1973, Mr. de Puppi worked for Olivetti where he was assistant chairman for finances for the Olivetti Corporation of America and responsible for the areas of finance, administration and control of Olivetti Argentina S.A. In 1983, he was appointed as responsible for the planning and control of the Raggruppamento Chimica Fine division of the Montedison group. In 1984, he was appointed as responsible for the finance and control area of the Industrie Zanussi S.p.A. In 1990, he was general director of Industrie Zanussi S.p.A. and in 1996, he was appointed managing director of Electrolux Zanussi S.p.A. Among various senior positions within Electrolux Zanussi S.p.A., he was also appointed chairman of Veneta Factoring S.p.A. and assistant chairman of Electrolux International S.p.A., serving in capacities as director both in Italy and abroad. In 2001, he was managing director of the Benetton Group S.p.A. and subsequently appointed for other assignments in the board of directors of others companies belonging to the same group. From May 2003 to June 2006, he has been managing director and general director of Banca Popolare FriulAdria S.p.A. (presently Crédit Agricole). From October 2006 to October 2009, he has been chairman and managing director of Toro Assicurazioni S.p.A., Chairman of DAS and Augusta Assicurazioni S.p.A., assistant chairman of Augusta Vita S.p.A. and finally director of Consorzio G.B.S. From October 2009 to May 2011, he was appointed as managing director of Alleanza Toro S.p.A., chairman of DAS and Augusta Assicurazioni S.p.A., assistant chairman of Augusta Vita S.p.A. and director of Consorzio G.B.S. Among his various assignments, he also held positions with Mitsui Co. Italia as responsible of trading and assistant director responsible for the area food and sundries department. He holds a master's degree in economics and business from Bocconi University of Milan as well as a degree in banking from the University of Udine.

Mariano Ermanno Frey has been an Independent Non-Executive member of the Board of Directors since March 7, 2013. Mr. Frey is senior partner, chairman of the board of the Italian arm of Roland Berger Strategy Consultants. He also serves as a member of the board of the Portuguese arm of the same consulting firm. Mr. Frey serves as managing director at Berger Frey Advisor and was formerly a member of the board of Milano Assicurazioni S.p.A. (until March 2012); at present he serves on the board of directors of Cidi S.p.A. and several non-profit organizations. From 2001 to 2005, he was an advisor to the Commissione Attività Produttive of the Italian Parliament tasked with consulting on regulatory matters to increase Italy's competitiveness in commercial and industrial areas. Mr. Frey has extensive consulting experience supporting more than 600 projects including the creation of new brands in consumer goods, real estate and territorial development projects and restructuring plans for industrial and transportation companies. His operational areas of expertise are strategic planning, marketing, communication and corporate governance, while his industry competences range from manufacturing to consumer goods, transportation, infrastructure, events and non-profit organizations. After graduating at Bocconi University (Milan), Mr. Frey attended several management courses in Italy and abroad, with a specific focus on strategic planning, marketing, communication and organization. He started his professional career in 1960 at Acciaierie Falck and later joined the Economist Intelligence Unit as senior researcher. In 1969, together with Prof. Roland Berger, he set up the Italian arm of Roland Berger Strategy Consultants and became senior partner.

Gian Maria Gros-Pietro has served on our Board of Directors as an Independent Non-Executive Director since January 21, 2011. Mr. Gros-Pietro has over 40 years of experience as a corporate governance expert and director with deep knowledge of the Italian marketplace. He is professor of Business Economics at the LUISS Guido Carli University in Rome. He also chairs the board of ASTM S.p.A., and he serves as a director in Caltagirone S.p.A., Edison S.p.A. and Fiat S.p.A., all listed companies, and of Vimec S.r.l.. He is a member of the Management Committee of Compagnia di San Paolo, a foundation that is the largest shareholder of Intesa Sanpaolo. In the past, Mr. Gros-Pietro was chairman and CEO of Iri S.p.A. from June 1997 to November 1999, chairman of Eni S.p.A. from November 1999 to May 2002 and chairman of Atlantia S.p.A. from June 2002 to April 2010. Prior to this, he was also a member of the board of directors of ANAS (the Italian regulatory agency for roads) from 1995 to 1996, a member of the rating committee of Italrating from 1995 to 1996, director of the University of Turin representing CNR (the Italian national research council) for over a decade and member of several other boards, including Finmeccanica, Teknecomp and Cassa di Risparmio di Torino. Mr. Gros-Pietro holds a degree in economics from the University of Turin.

Carlo Giovanni Mammola serves as a Non-Executive Director on our Board of Directors. He is a founding and managing partner of Argan Capital, a pan-European private equity fund, with co-responsibility for the strategic and operational matters and serves as a member of Argan's investment committee. He has over

20 years of private equity experience and joined the Argan team in 2006. He was formerly sponsor and CEO of Italy1 Investment S.A., the first SPAC listed on the Italian Stock Exchange. He is also Chairman of Cogipower, a company active in the renewable sources energy field. Until December 31, 2011, he was also Deputy Chairman of the European Mid-Market Platform Council and a member of the Board of Directors of the European Private Equity and Venture Capital Association (EVCA). Before joining the Argan Capital, he was a Managing Director and Partner at Bank of America Capital Partners Europe, based in London, the European principal investment arm of the Bank of America Group (2000-2006); he also worked at Paribas Affaires Industrielles (PAI), the principal investment arm of the Banque Paribas, based in Paris, where he was Managing Director and Partner, responsible for Italy (1998-2000); prior to which he was Managing Director and Partner at Sopaf, the Italian merchant bank (1990-1997) and worked for the Olivetti Group (1984-1990) in the Strategic Planning, Operational Planning, Marketing Department, he was also General Manager of a Commercial Subsidiary. Since 1987, Mr. Mammola has been a Professor of Management at Bocconi University in Milan and, since 2010, a member of the board of directors of the Bocconi Alumni Association. He holds a MBA from Bocconi University and earned a degree in Mechanical Engineering from the Polytechnic University of Turin.

Mariella Trapletti serves as a Non-Executive Director. From 1972 to 1978, she was responsible for the managing area of Chiorda Sud S.p.A. and Silm Italiana S.p.A., companies specialized in the production of bicycles and bicycle frames. From 1978 to 1979, she was responsible for the managing area of ChiordaNord S.p.A., a subsidiary of the same group. From 1979 to 1991, she was administrative manager of Fiv. Edoardo Bianchi, a bicycles manufacturer, while from 1991 to 2008, she was administrative manager of Bianchi Vending S.p.A., a company producing vending machines for beverage, food and snacks.

Annual General Meeting

The annual general meeting of shareholders shall be held in Luxembourg, at the registered office of the Parent Guarantor or at such other place in the municipality of the registered office, as may be specified in the notice, on the second Tuesday of May of each year at 11.00 a.m. If such day is a legal holiday or falls on a weekend, the annual general meeting of Shareholders must be held on the next following Business Day. The Board of Directors will convene the annual general meeting of Shareholders within a period of six months after the end of the Parent Guarantor's financial year. Other general meetings of Shareholders are held at such places and times as may be specified in the respective notices of meeting.

Executive Officers

Set forth below is certain information concerning the individuals serving as the executive officers of the Parent Guarantor.

Name	Age	Position
Mr. Cesare Cerea	63	Chairman
Mr. Massimo Paravisi	44	Chief Executive Officer
Mr. Massimo Trapletti	51	Chief Executive Officer
Mr. Antonio Tartaro	47	Chief Financial Officer
Ms. Adriana Cerea	65	Head of Human Resources
Ms. Monica Cerea	37	Head of Compensation and Benefits, IVS Italia

For biographic information concerning our executive officers, see "*—Board of Directors*."

Corporate Governance

We have adopted the Corporate Governance Code (*Codice Autodisciplina*) issued by Borsa Italiana that constitutes best practices in the Italian market. In particular, on November 2, 2010, our Board of Directors resolved to adopt the latest modifications of the Corporate Governance Code published in March 2006, as further amended. The Corporate Governance Code is available to the public on the website of Borsa Italiana at *www.borsaitaliana.it*.

Independent Directors

As a publicly-traded Italian company, we are required, pursuant to Article 147-*ter*(4) and Article 148, Section 3 of the Italian consolidated code and Article 3 of the Corporate Governance Code to appoint certain non-executive independent directors. Currently the following directors are independent directors

within the meaning of Italian regulations: Mr. Gian Maria Gros-Pietro, Mr. Luigi De Puppi and Mr. Mariano Ermanno Frey.

The independence of directors classified as independent directors is periodically assessed by our Board of Directors to determine and verify that such directors do not have, nor have recently had, directly or indirectly, any business relationships with the Group or parties affiliated with us, of such a significance as to influence their independent judgment.

Compensation Committee

The Board of Directors has established a Compensation Committee, which consists of: Messrs. Paolo Covre, Luigi De Puppi and Gian Maria Gros-Pietro. The Compensation Committee proposed, and the Board of Directors adopted, a general compensation policy for executive directors and directors entrusted with specific offices and managers with strategic responsibilities.

Internal Audit and Risk Committee

The Board of Directors has established an Internal Audit and Risk Committee, which consists of: Messrs. Paolo Covre, Luigi De Puppi and Mariano Ermanno Frey. The Internal Audit and Risk Committee formulates, implements and monitors the adequacy and efficacy of the Parent Guarantor's functions. It also provides recommendations to the Board of Directors in the areas of corporate governance, internal audit and internal policies and transactions with external auditors.

PRINCIPAL SHAREHOLDERS

The Issuer

The Issuer is a direct wholly-owned subsidiary of the Parent Guarantor established to, *inter alia,* manage vending machines, commercialize food and beverage products and provide financing and treasury services to the companies of the Group. The Issuer's share capital is €2,050,000.00 consisting of 2,050,000 ordinary shares with a par value of €1.00, all with equal voting and economic rights and fully paid up.

The Parent Guarantor

As of the date of this Offering Memorandum, the Parent Guarantor had a share capital of €386,892 comprised of 38,952,491 Class A Shares, 1,250,000 Class B2 Shares and 1,250,000 Class B3 Shares, in each case without indication of nominal value and with equal dividend rights and one vote per share. Our Class A Shares are currently listed for trading on the *Mercato Telematico degli Investment Vehicles* or Investment Vehicles Market of the Italian Stock Exchange (*Borsa Italiana*) under ticker symbol "IVS." The table below sets forth the beneficial ownership of the Parent Guarantor according to the most recent information available to the Issuer.

	Class A Shares[1]		Class B2 Shares		Class B3 Shares		Voting Power
Name of beneficial owner	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**%**
IVS Partecipazioni S.p.A.[2]	23,046,739	63.8%	—	—	—	—	66.2%
Founders[3]	1,250,000	3.5%	1,250,000	100.0%	1,250,000	100.0%	3.2%
Free float on Borsa Italiana[4]	11,801,224	32.7%	—	—	—	—	30.6%
Total	**36,097,963**	**100.0%**	**1,250,000**	**100.0%**	**1,250,000**	**100.0%**	**100.0%**

(1) The Parent Guarantor holds 2,854,528 Class A Shares (treasury shares) which do not vote.

(2) IVS Partecipazioni S.p.A. ("**IVS Partecipazioni**") is the vehicle which is beneficially owned by former IVS Group Holding shareholders including by Mr. Cesare Cerea and other members of our Board of Directors and senior management, including Messrs. Cesare Cerea, Massimo Paravisi, Massimo Trapletti and Antonio Tartaro. See "*—IVS Shareholders' Agreement*."

(3) Founders refer to certain founding shareholders of Italy1: Mr. Vito Gamberale, Mr. Giovanni Revoltella, ITA1 SV LP (a limited liability partnership organized under the laws of Guernsey and controlled by Dr. Roland Berger, Mr. Florian Lahnstein and Mr. Gero Wendenburg) and General PanEurope Limited (a company organized under the laws of Ireland and affiliated with Assicurazioni Generali S.p.A.). The number of Founders shares is given as of November 19, 2012, the last date on which the Parent Guarantor has information. Pursuant to a shareholders' agreement by and between the Founders and IVS Partecipazioni, the Founders agreed to vote their Class B2 and Class B3 shares according to the written instructions of IVS Partecipazioni. See "*—IVS Shareholders' Agreement*."

(4) In addition to our Class A Shares which trade on the MIV segment of the Italian Stock Exchange, 14,995,500 Market Warrants (as defined under "*—Market Warrants*") trade on Borsa Italiana under ticker symbol "WIVS."

We have announced our intention to migrate our listing from the Investment Vehicles Market to the *Mercato Telematico Azionario* which is the segment of the Italian Stock Exchange used for most publicly-traded corporations. See "*Summary—Recent Development—Migration to the Mercato Telematico Azionario*."

Class B2 Shares and Class B3 Shares

The Parent Guarantor's Class B2 Shares and Class B3 Shares (collectively, the "**Class B Shares**") are unlisted, are held by our Founders (as defined under "*—IVS Shareholders' Agreement*") and are subject to a lock-up, described below in "*—IVS Shareholders' Agreement*". Our Class B2 Shares and Class B3 Shares will automatically convert into our Class A Shares if, upon confirmation by the Board of Directors of the Parent Guarantor , the volume weighted average price (*prezzo ufficiale*) on the Italian Stock Exchange of our Class A Shares equals or exceeds, for any period of 20 trading days out of 30 consecutive trading days, €11.00 and €12.00, respectively, at any time before January 31, 2017. The Class B Shares have the same economic and voting rights as the Class A Shares. However, until the termination of the IVS Call Option Period (as defined under "*—IVS Shareholders' Agreement*") or the purchase of such shares pursuant to the IVS Call Option, the Founders agree to vote their Class B2 Shares and Class B3 Shares according to the written instructions provided by IVS Partecipazioni S.p.A. and IVS Partecipazioni S.p.A. has a call option over 625,000 Class B2 and 625,000 Class B3 Shares held by the Founders, corresponding to half of their respective holdings. See "*—IVS Shareholders' Agreement*."

Pursuant to our articles of association, the Class B Shares also automatically convert into Class A Shares if the Parent Guarantor undergoes a "change of control" (as defined below) at a ratio of 1:1 for Class B2 Shares if the transaction or series of transactions giving rise to the change of control is completed at a price equal to or exceeding €11.00 per Class A Shares, and 1:1 for Class B3 Shares if the transaction or series of transactions giving rise to the change of control is completed at a price equal to or exceeding €12.00 per Class A Shares. In each case, a "change of control" is defined as any transaction or series of transactions which results in an acquisition of more than 33% of the voting rights of the Parent Guarantor by a person or group of persons working in concert, the merger with another entity as a result of which the Parent Guarantor ceases to exist and the shares are exchanged into shares or ownership interests in another entity, or any sale of assets of the Parent Guarantor or its subsidiaries which on a consolidated basis exceed more than 50% of the value of the total assets of the Parent Guarantor and its subsidiaries at market value.

Market Warrants

Description of the Market Warrants

In connection with our initial public offering on Borsa Italiana, we issued convertible warrants (the "**Market Warrants**"), and as of December 31, 2012, 14,995,500 such Market Warrants trade on Borsa Italiana under ticker symbol "WIVS." They were initially attached to the original Class A Shares of the Parent Guarantor that were sold in connection with the Parent Guarantor's initial public offering to institutional investors on Borsa Italiana's MIV segment in January 2011. The Market Warrants have a strike price of €9.30 per Class A Share (the "**Exercise Price**"). The exercise period of the Market Warrants began on May 16, 2012, when the Merger was declared effective, and will end on the first day on which the Borsa Italiana is open for trading after January 27, 2016 (the "**Exercise Period**"), following which the Market Warrants will become null and void. The Market Warrants in particular are governed by are governed by Luxembourg law. The Market Warrants are recorded as an obligation on our balance sheet. See footnote 26 of our consolidated financial statements as of and for the year ended December 31, 2012.

Exercise Requests by Warrantholders

Exercise requests by warrantholders will be effective within ten trading days (i.e. days on which the Borsa Italiana is open for trading) (the "**Effective Date**") *after*: (i) the 15th calendar day of each month with respect to exercise requests submitted within the first 15 calendar days of the month (the "**First Exercise Period**"), or (ii) the first calendar day of the month with respect to exercise requests submitted subsequent to the 16th day of the previous month (the "**Second Exercise Period**"). On the Effective Date and subject to applicable corporate law, the Parent Guarantor will issue the Class A Shares equal to the number of exercised Market Warrants and make them available to the exercising warrantholder.

Alternatively, the Parent Guarantor may elect on the day following the close of, as applicable, either the First Exercise Period or Second Exercise Period, in its absolute discretion, to settle on a "cashless basis" (i.e., without any obligation by the warrantholder to pay the Exercise Price) all of Market Warrants for which an exercise request has been submitted. If the Parent Guarantor elects to so settle on a "cashless basis" and subject to availability of sufficient distributable reserves, the number of ordinary conversion shares to be issued by the Parent Guarantor to the warrantholders on the applicable Effective Date shall be equal to the quotient derived from dividing (x) the number of Market Warrants for which any exercise request is submitted, multiplied by the difference between the fair market value (i.e., the average official price—*prezzo ufficiale*, as defined by Borsa Italiana—for which the Class A Shares were quoted on the Borsa Italiana in the ten trading days preceding the date of the relevant exercise request) and the exercise price of the Market Warrants by (y) the fair market value, as expressed in the following formula (the "**Exercise Ratio**"):

> number of Class A Shares = number of Market Warrants for which an exercise request was submitted *multiplied by* (fair market value—Exercise Price)/fair market value.

In this case, the Class A Shares will be subscribed for by using available reserves. Within the first trading day following the First Exercise Period (or the Second Exercise Period, as the case may be), the Parent Guarantor will publish through a press release and on its website the information regarding election of settlement on a "cashless basis" for all Market Warrants exercised in the relevant exercise period; accordingly, all the warrantholders that submitted the exercise request during such period will receive on the Effective Date a number of ordinary conversion shares calculated in compliance with the above formula. The amount of money blocked on the exercising warrantholder's account as Exercise Price will therefore become again freely available to the warrantholder. If the application of the Exercise Ratio

results in a fractional number of Class A Shares, the warrantholder will receive such whole number of Class A Shares, rounded down to the next lowest unit.

A fall in the price of the Class A Shares subsequent to the relevant warrantholders' exercise request but before the Effective Date does not grant such warrantholder withdrawal rights.

Parent Guarantor's Redemption Rights

During the Exercise Period, the Parent Guarantor may, in its discretion, elect to redeem all, but not a portion of, the Market Warrants at a redemption price of €0.01 per warrant (the "**Redemption Price**") by publishing a redemption notice (the "**Redemption Notice**") no later than 30 calendar days prior to the date set forth in such redemption notice (the "**Redemption Date**"); provided, however, that the Parent Guarantor may only exercise its redemption rights if the official price (*prezzo ufficiale*) of the Class A Shares equals or exceeds €13.00 per Class A Share (the "**Redemption Trigger Price**"), for any 20 trading days (not necessarily consecutive) within a 30 trading day period ending three trading days prior to the Redemption Notice. Any change in the official price of the Class A Shares subsequent to the publication of the Redemption Notice in which is the official price of the Class A Shares falls below the Redemption Trigger Price or the Exercise Price has no effect on the Parent Guarantor 's ability to redeem the Market Warrants. All Market Warrants duly redeemed pursuant to the Parent Guarantor 's redemption rights are automatically null and void.

Following the Redemption Notice but before the Redemption Date, warrantholders may request to exercise their respective Market Warrants and, as a result, such Market Warrants will not be redeemed, however, the Parent Guarantor 's ability to settle such requests on a "cashless basis" is not affected.

Adjustment of the Exercise Price in connection with certain share capital changes or transactions involving the Parent Guarantor

The Exercise Price is subject to certain adjustments in connection with certain share capital changes or transactions involving the Parent Guarantor as described below:

- if the paid-in capital of the Parent Guarantor increases due to shares offered pursuant to pre-emptive rights, the Exercise Price will be reduced by the difference between the preceding five trading day average of the official price of the Class A Shares and Market Warrants, provided however, that in no event will the Exercise Price be increased following the application of such formula;
- if the share capital of the Parent Guarantor increases through gratis distribution of Class A Shares to existing shareholders, the Exercise Price will be increased proportionally, or alternatively, decreased proportionally in the case of stock splits;
- if the Parent Guarantor pays extraordinary dividends on its Class A Shares, the Exercise Price will be decreased by the amount of such extraordinary dividends;
- if the Parent Guarantor merges/demerges with another entity and it is not the surviving entity, the number of Class A Shares that can be subscribed for by the warrantholders will be changed according to the relevant exchange/conversion ratio; and
- any other transaction that has the same effect will be adjusted using the same principles.

IVS Shareholders' Agreement

We are party to a shareholders' agreement governed by Italian law and dated as of May 7, 2012 (the "**IVS Shareholders' Agreement**") by and between IVS Partecipazioni and certain founding shareholders of Italy1 (Mr. Vito Gamberale, Giovanni Revoltella, ITA1 SV LP (a limited liability partnership organized under the laws of Guernsey and controlled by Dr. Roland Berger, Mr. Florian Lahnstein and Mr. Gero Wendenburg) and General PanEurope Limited (a company organized under the laws of Ireland and affiliated with Assicurazioni Generali S.p.A, an Italian insurance group) (each a "**Founder**" and collectively, the "**Founders**")). The IVS Shareholders' Agreement became effective on May 16, 2012, the date of the effectiveness of the Merger, and will terminate on May 16, 2015.

The IVS Shareholders' Agreement governs, among other things, the corporate governance of the Parent Guarantor. IVS Partecipazioni has agreed, until May 7, 2014, to ensure that the Parent Guarantor's Board of Directors consist of 13 members, at least four of which shall be designated by the Founders, with the rest to be nominated by IVS Partecipazioni. The Founders and IVS Partecipazioni also agreed that the

following matters will be subject to Board of Director approval (and the articles of association of the Parent Guarantor require a simple majority of the Board of Directors for approval): (1) acquisitions exceeding €5.0 million, (2) asset sales to third parties exceeding €5.0 million (whether in a single transaction or a series of transactions), (3) incurrence of indebtedness exceeding €5.0 million in a single transaction and (4) actions approving mergers, de-mergers, split-offs or capital contributions/ recapitalizations which would result in an aggregate number of new Class A Shares being issued in excess of 15% of all shares then outstanding.

The IVS Shareholders' Agreement contains the following lock-up provisions. Until May 7, 2014, the existing shareholders of IVS Partecipazioni will not sell their respective equity interests to any other person (save to other existing shareholders of IVS Partecipazioni) and, following May 7, 2014, the shares of IVS Partecipazioni will be freely transferrable provided, however, that the existing shareholders of IVS Partecipazioni (i.e. at the time of the signing of the IVS Shareholders' Agreement) continue to hold either directly, or indirectly through IVS Partecipazioni, at least 22,702,256 Class A Shares of the Parent Guarantor. Notwithstanding the foregoing, Messrs. Cesare Cerea, Massimo Paravisi, Massimo Trapletti and Antonio Tartaro are prohibited from transferring their respective equity interests in IVS Partecipazioni until May 16, 2015.

Furthermore, IVS Partecipazioni has been granted a call option over half of the Class B2 Shares and Class B3 Shares held by the Founders (625,000 of each respective class) at a price of €0.0093 per share (the "**IVS Call Option**"). The Founders hold 100% of the Class B2 Shares and Class B3 Shares. The IVS Call Option may be exercised within 15 business days after the release from escrow of such Class B2 Shares and Class B3 Shares, which shall occur when the price of our Class A Shares exceeds €11.00 and €12.00, respectively, at any time before January 31, 2017 (the "**IVS Call Option Period**") (see "*—Class B2 Shares and Class B3 Shares*").

Until the termination of the IVS Call Option Period or the purchase of such shares thereby, the Founders agree to vote their Class B2 Shares and Class B3 Shares according to the written instructions provided by IVS Partecipazioni.

Our Controlling Shareholder

Our controlling shareholder is IVS Partecipazioni which is a private joint stock company (*società per azioni*) organized under the laws of Italy. IVS Partecipazioni is a vehicle owned by a group of entrepreneurs who largely comprise previous owners of IVS Group Holding. Mr. Cesare Cerea is the single largest shareholder of IVS Partecipazioni, controlling votes equivalent to a 25.4% stake (aggregating his directly owned stake with that of Crimo S.r.l.). Other shareholders of IVS Partecipazioni include current managers and former owners of certain companies that our Vending Business has acquired in previous years.

The table below sets forth the shareholders of IVS Partecipazioni as of the date of this Offering Memorandum.

Name of beneficial owner	Amount	%
Crimo S.r.l.[1]	34,668,255	17.2%
Cesare Cerea	16,595,893	8.2%
Mario Tessaro	16,094,335	8.0%
West Group Participations S.A.[2]	14,727,520	7.3%
Pietro Gualdi	14,080,965	7.0%
Angelo Bonacina	12,645,465	6.3%
Domal Company S.r.l.[3]	10,334,795	5.1%
Stefano Baccelloni	9,845,275	4.9%
Cristina Cerea	6,435,000	3.2%
Monica Cerea	6,435,000	3.2%
Dama S.r.l.[4]	6,009,035	3.0%
Romano Zago	5,381,625	2.7%
Torazza S.r.l.[5]	5,375,995	2.7%
Massimo Paravisi	4,974,055	2.5%
Eurofinim S.r.l.[6]	4,484,180	2.2%
Cesare Sala	3,918,570	1.9%
Lilington S.A.[7]	2,330,000	1.2%
Other shareholders[8]	26,858,692	13.3%
Total	**200,194,655**	**100.0%**

(1) Crimo S.r.l. is a limited liability company organized under the laws of Italy beneficially owned by the Cerea family and effectively controlled by Cesare Cerea.

(2) West Group Participations S.A. is a trust company organized under the laws of Luxembourg.

(3) Domal Company S.r.l. is a limited liability company organized under the laws of Italy beneficially owned by Fioravante Allegrino and Antonella Allegrino.

(4) Dama S.r.l. is a limited liability company organized under the laws of Italy beneficially owned by Ivan Padelli and Mari Zugnoni.

(5) Torazza S.r.l. is a limited liability company organized under the laws of Italy beneficially owned by Ivan Padelli and Giancarlo Pettine.

(6) Eurofinim S.r.l. is a limited liability company organized under the laws of Italy beneficially owned by Paolo Covre.

(7) Lilington S.A. is a is a company organized under the laws of Luxembourg beneficially owned by the manager of one of our Spanish subsidiaries.

(8) Other shareholders include 29 other natural and legal persons, including other members of the Cerea family, who each hold less than 1.5% of IVS Partecipazioni's shares.

Composition of the Board of Directors of IVS Partecipazioni

The Board of Directors of IVS Partecipazioni is composed by the following members: Mr. Cerea Cesare, who is the Chairman of the Board of Directors; Messrs. Massimo Paravisi; Massimo Trapletti; Pietro Gualdi; Angelo Bonacina; Fioravante Allegrino and Ivan Padelli. The Board of Directors of IVS Partecipazioni remains in office until the shareholders meeting to approve of the financial statements of IVS Partecipazioni as of and for the year ending December 31, 2014.

Corporate Governance of IVS Partecipazioni

Each shareholder can propose, or alternatively can support, a list of candidates to be appointed as members of the Board of Directors by the shareholders' meeting. The list can be proposed by a single shareholder if its shareholding is equal to, or higher than, a fifth of the entire share capital of IVS Partecipazioni or, alternatively, by different shareholders if their joint shareholding is equal to, or higher than, the fifth of the entire share capital. Each shareholder, can propose, or can support with other shareholders, only one list, which shall contain the name of seven candidates. Each candidate can be present only in one list. The directors appointed are appointed for a time period of office no longer than three fiscal years.

Transfer Restrictions

The by-laws of IVS Partecipazioni provide for a pre-emption right in favor of the shareholders in the event of transfer of shares, option rights and pre-emption rights on the shares, property rights related to a capital increase and in the event of constitution of the usufruct right. The pre-emption right is non-exercisable in the event that all of the following three conditions are satisfied: (i) the transfer has been carried out in favor of another shareholder; (ii) the transferring shareholder has transferred, in a time period of twelve consecutive months, a percentage of shares less than 10% of the total number of the issued shares; and (iii) the acquiring shareholder has purchased, in a time period of twelve consecutive months, a percentage of shares more than the 10% of the total number of the issued shares, including the transfer considered.

In the event of transfer of shares by one, or more, shareholder(s), the remaining shareholders have the right to sell, in whole or in part, their shares proportionally to the shares subject to the transfer. The shareholder who intends to exercise the right to sale is not entitled to exercise the pre-emption right. The right to sell is excluded in the cases in which the pre-emption right is excluded.

The constitution of the pledge on shares is subject to the approval by the shareholders meeting.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following sets forth information relating to transactions between us and members of the Board of Directors and other related parties. For a description of certain other related party transactions, see footnote 35 to our audited consolidated financial statements as of and for the year ended December 31, 2012.

Argan Capital Advisors S.r.l. Consulting and Office Service Agreement

On March 2, 2012, Italy1 and Argan Capital Advisors S.r.l. (of which Mr. Carlo Giovanni Mammola, member of our Board of Directors, is the Vice-Chairman and CEO) entered into a consulting and office service agreement by which Italy1 appointed Argan Capital Advisors S.r.l. as consultant to provide consulting and office services. In the year ended December 31, 2012, we recorded costs of €204,000 to Argan Capital Advisors S.r.l. pursuant to this agreement.

F2i S.G.R.

F2i S.G.R. (*società di gestione del risparmio*), an Italian fund (of which Mr. Vito Alfonso Gamberale, member of our Board of Directors, is the Chief Executive), provides advisory services to the Group, including, *inter alia,* analysis, valuation and market studies. In the year ended December 31, 2012, we recorded costs of €110,000 to F2i S.G.R. pursuant to this agreement.

Information on Intesa Sanpaolo Group's Conflicts of Interest

Banca IMI S.p.A., one of the Initial Purchasers, is a wholly-owned subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group,

Banca IMI S.p.A. acted as financial advisor for Italy1 in connection with the merger and had acted as joint global coordinator, joint bookrunner, sponsor and specialist in connection with Italy1's initial public offering on the Italian Stock Exchange.

Banca IMI S.p.A. is the appointed specialist and corporate broker with respect to the Parent Guarantor 's common stock listed on the Italian Stock Exchange.

Banca IMI S.p.A. will receive fees, commissions and expenses reimbursement for its services in the Offering.

The Intesa Sanpaolo Group, through certain of its subsidiaries, which include Banca IMI S.p.A., has a significant equity stake in the Parent Guarantor.

The Intesa Sanpaolo Group through certain of its subsidiaries is one of the lenders to the Group and a portion of the net proceeds from offering of the Notes hereby will be used for the repayment of such existing indebtedness.

Finally, the Intesa Sanpaolo Group has engaged, and may in the future engage, in investment banking and/or commercial banking services with the Group, including its subsidiaries, in the ordinary course of business for which it has and will in the future receive customary fees and expenses.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of our significant indebtedness does not purport to be complete and is subject to, and qualified by, the underlying documents.

Revolving Credit Facility

In connection with the Transactions, the Parent Guarantor entered into the Revolving Credit Facility on March 26, 2013 with Intesa as lender to provide for €15,000,000 in revolving credit on an unsecured and unguaranteed basis for general corporate purposes. The description sets forth the principal terms of the agreement for the Revolving Credit Facility (the "**Revolving Credit Facility Agreement**").

The final maturity date of the Revolving Credit Facility is 36 months i.e. March 26, 2016.

The Revolving Credit Facility Agreement is governed by Italian law.

Interest. Interest is set at a rate of the relevant EURIBOR period of the drawdown plus a margin, set at 4.25% to 4.75%. The applicable interest period depends on the type of drawdown, between one and three months.

Guarantees. The Revolving Credit Facility is unguaranteed.

Security. The Revolving Credit Facility is unsecured.

Conditions Precedent to Borrowings. Drawdowns under the Revolving Credit Facility are subject to customary conditions precedent including that on the date the drawdown is requested and on the drawdown date, no Material Adverse Event (as defined therein with reference to the Parent Guarantor's financial condition, capitalization and/or results of operations) is occurring or no Event of Default is occurring (as defined under the Revolving Credit Facility Agreement).

Repayments. The Parent Guarantor will be permitted to make a number of drawdowns under the Revolving Credit Facility, which may be made with repayments, at the Parent Guarantor's election in one, two or three months. Drawdowns under the Revolving Credit Facility must be repaid at the end of the term for each relevant interest period, and repaid amounts may be re-borrowed.

Financial Covenants. The Revolving Credit Facility Agreement does not contain any financial maintenance covenants.

Undertakings. The Revolving Credit Facility Agreement contains customary undertakings and information reporting covenants and the Parent Guarantor may not engage in speculative derivative arrangements.

Prepayments and Cancellation. The Parent Guarantor can prepay and cancel all or a portion of the outstanding under the Revolving Credit Facility six months after the date of signing of the Revolving Credit Facility, *provided however* that the following conditions are met: (i) the prepayment is the entire amount under the Revolving Credit Facility, or at least €3.0 million, and (ii) the prepayment is made by giving 10 days irrevocable notice to Intesa.

Events of Default. The Revolving Credit Facility Agreement contains standard events of default provisions for facilities of this kind.

Proceeds Loan

On or about the Issue Date, the Issuer will make the Proceeds Loan to IVS Italia with the net proceeds (approximately €195 million) from the Offering of the Notes. Approximately €89.9 million of the Proceeds Loan will be used by IVS Italia to prepay all amounts outstanding under the Intesa Senior Term Facilities on such date, and €53.5 million will be used by IVS Italia to fully prepay all amounts outstanding under certain other financing agreements, including loans at the level of S. Italia and Fast Service. Interest on the Proceeds Loan shall accrue at a rate that we anticipate will not be lower than the rate applicable to the Notes offered hereby. The maturity date of the Proceeds Loan will be on or about the maturity date of the Notes. The Proceeds Loan shall be a senior obligation of IVS Italia.

Vending System Italia S.p.A. Financing Agreement

Our subsidiary VSI is party the VSI Finance Agreement in the amount of €21.3 million originally dated as of October 18, 2006, as modified and restated as of June 29, 2009 by and between VSI, as borrower, the Parent Guarantor, as guarantor, BNL, as facility agent, Centrobanca—Banca di Credito Finanziario e Mobiliare S.p.A. and Interbanca S.p.A. as lenders. The facility comprised the following outstanding tranches as of December 31, 2012: (i) a capital expenditure facility in the amount of €0.4 million with maturity in January 2013; (ii) an amortizing line of credit in the amount of €6.5 million with maturity in November 2017; (iii) a nine year bullet credit line in the amount of €4.3 million with maturity in May 2018; and (iv) a ten year bullet line of credit in the amount of €4.1 million with maturity in May 2019. As of December 31, 2012, there was €15.3 million outstanding under the VSI Finance Agreement. The VSI Finance Agreement will remain outstanding following the Transactions.

The VSI Finance Agreement is governed by Italian law.

Interest Rate. Interest is set a rate per annum equal to six month EURIBOR plus a margin, initially set at 0.50%, payable semi-annually. An additional margin of 2.00% is charged on defaulted interest payments.

Representations and Warranties. The VSI Finance Agreement contains customary representations and warranties regarding, *inter alia,* VSI's due incorporation, share capital, compliance with applicable laws and maintenance of insurance.

Guarantee. The VSI Finance Agreement is guaranteed on an unsecured basis by the Parent Guarantor.

Security. The VSI Finance Agreement is secured by a pledge of the entire share capital of VSI owned by the Parent Guarantor.

Financial Covenants. The VSI Finance Agreement does not contain any financial maintenance covenants.

Undertakings. The VSI Finance Agreement contains the following undertakings in which VSI pledges not to undertake the following actions without, as applicable, the prior notice to or the prior written consent of BNL (such consent to not be unreasonably withheld): (i) change its by-laws (*statuto*) in any way that would prejudice BNL's or the lenders' interests under the VSI Finance Agreement; (ii) grant guarantees in favor of third parties; (iii) reduce its share capital (except as required by law); (iv) initiate voluntary winding-up procedures; (v) engage in acts of merger, split-off or spin-off (except for mergers with the Parent Guarantor), *provided however* that VSI can merge with other entities as required by law or in connection with acquisitions, as long as certain information is furnished to BNL regarding such merger plan; (vi) securitizations and debt offerings, unless such instrument is subordinated to VSI's obligations under the VSI Finance Agreement; (vii) effect transactions which would result in the Parent Guarantor holding less than 51% of VSI's share capital; (viii) pledge any assets (except as required by law); (ix) incur any indebtedness unless it is *pari passu* to VSI's obligations under the VSI Finance Agreement; and (x) repay any shareholders' loans to the Parent Guarantor. In addition, the VSI Finance Agreement contains affirmative covenants in which VSI pledges, *inter alia,* to: (i) pay all taxes, except those which are contested in good faith; and (ii) grant to BNL and to the other lending banks right of first refusal with respect to any hedging contracts related to the VSI Finance Agreement. The VSI Finance Agreement also contains additional customary information reporting covenants.

Events of Default. The following events constitute events of default under the VSI Finance Agreement and permit BNL, as agent thereunder for the other lenders, to accelerate and demand prepayment under the VSI Finance Agreement: (i) missed interest or principal payment under the VSI Finance Agreement, except due to technical or administrative error and unless otherwise cured within 5 working days following the missed payment date; (ii) if the VSI Finance Agreement or any related document (i.e., deed of amendment thereunder or deed of guarantee by the Parent Guarantor) is declared invalid; (iii) VSI is unable to fulfill its obligations under the VSI Finance Agreement and such a failure is not cured within 15 working days; (iv) VSI is declared insolvent, commences liquidation proceedings or winding-up; (v) VSI violates the law in a way that substantially prejudices its ability to fulfill its obligations under the VSI Finance Agreement; (vi) any representation and warranty given by VSI was untrue at the moment it was made and not cured within 15 working days of BNL giving notice of such inaccuracy; (vii) any license or authorization granted to VSI is suspended or expires and is not renewed and such lack of license or authorization substantially prejudices VSI's business activities to render it unable to fulfill its obligations under the VSI Finance Agreement; (viii) VSI prepays its shareholder loans to the Parent Guarantor; and (ix) VSI undergoes a change of control (the Parent Guarantor's equity stake in VSI falls below 51%).

Coin Service Business Finance Debt

Our subsidiary Coin Partecipazioni S.p.A. is party to a finance agreement in the amount of €5.0 million dated as of March 31, 2011 by and between Coin Partecipazioni S.p.A., as borrower, Mediocredito Italiano S.p.A., as lender, Vendomat S.p.A., as guarantor and the Parent Guarantor, as guarantor. The maturity date of the loan is March 30, 2018 (the "**Coin Service Business Finance Debt**"). Payments are made semi-annually. The interest rate is set at six month EURIBOR plus 2.05%, reset semi-annually. The finance agreement does not contain any financial covenants and Coin Partecipazioni S.p.A. can prepay the loan, in whole or in part, with 10 days' notice. Reporting covenants are the only non-financial covenants included in the finance agreement. The finance agreement contains customary events of default, including for non-payment or in the case that the borrower's net asset value falls below €7.5 million and its value is not restored within 30 days from the notice of the lender.

Coin Shareholder Loans

The Parent Guarantor is party to two loan agreements with Coin Partecipazioni and CSH S.r.l. as borrowers and Vendomat S.p.A. and Eva S.p.A. (our respective minority shareholders) as additional lenders for a total book value of approximately €3.6 million (the "**Coin Shareholder Loans**"). The maturity of Coin Shareholder Loans is November 30, 2017. The interest rate is set at six month EURIBOR plus a margin, reset semi-annually. The Coin Shareholder Loans do not contain any financial or non-financial covenants and the relevant borrower can prepay the loan, in whole or in part, with 15 days' notice.

Finance Leases

We are party to a number of finance leases (the "**Finance Leases**") related to the leasing of our main country offices, warehouses and branch offices recorded as a liability of €11.1 million on our balance sheet as of December 31, 2012 of which €10.1 million relates to finance leases entered into by our non-Guarantor subsidiaries as detailed below. The following descriptions summarize our material finance leases. Our finance leases are subject to customary conditions, including, *inter alia,* conditions regarding our beneficial occupancy of the relevant sites, prompt payment of interest and amortization installment, payment of taxes and municipal charges, maintenance of the property and maintenance of insurance coverage. All of our finance lease agreements are recorded on our balance sheet in accordance with IAS 17 under IFRS.

France

A subsidiary of IVS France S.a.S. ("**SCI + 39**") is party to a finance lease agreement in the amount of approximately €8.3 million dated as of July 13, 2010 by and between IVS France S.a.S., SCI + 39, Sogébail and Finamur, two French mortgage credit institutions, concerning the construction and eventual rent of a new site in Argenteuil (Val-d'Oise) outside Paris. As part of the finance lease agreement, Sogébail and Finamur pre-funded construction expenses for the new site. SCI + 39 commenced paying rent on the new premises on November 1, 2011. The duration of the finance lease agreement is until October 31, 2026. At maturity of the lease, SCI + 39 will have the option to acquire the site from Sogébail and Finamur for the amount of €1.2 million. The interest rate on the amounts disbursed by Sogébail and Finamur is set at three month EURIBOR plus a margin.

Spain

Our subsidiaries Distribuidores Automaticos Vending, S.A. ("**DAV**") and Emmedi S.A. are party to a finance lease agreement in the amount of approximately €4.6 million dated as of July 29, 2011, by and between DAV, Emmedi S.A. and Banco de Sabadell, S.A. concerning the construction and lease of a new site in Espluges de Llobregat, outside Barcelona. As part of the finance lease agreement, Banco de Sabadell, S.A. pre-funded construction expenses for the new site. Furthermore, on July 29, 2012, the finance lease agreement was amended to include a further disbursement by Banco de Sabadell in the amount of €3.5 million for expansion of the facility. The duration of the finance lease agreement is until July 29, 2031. At maturity of the lease, DAV will have the option to acquire the site from Banco de Sabadell, S.A. for the amount of approximately €19,700. The interest rate on the amounts disbursed by Banco de Sabadell, S.A. was initially set at a fixed interest rate and then reset at three month EURIBOR plus a margin. As of December 31, 2012, DAV is not entitled to use the asset because it is under construction. As a consequence, neither the assets nor liabilities of this finance lease were recorded on our balance sheet as of December 31, 2012.

Italy

Our subsidiary D.D.S. S.p.A. Distributori Automatici ("**DDS**") is party to a finance lease agreement in the amount of approximately €2.7 million dated as of December 3, 2010, by and between DDS and UniCredit Leasing S.p.A. concerning the purchase and remodeling of a new site in Pontedassio (Imperia) in the Liguria region of Italy. As part of the finance lease agreement, UniCredit Leasing S.p.A. pre-funded the purchase price of the site and certain remodeling costs. The duration of the finance lease agreement is until December 2028. The interest rate on the amounts disbursed by UniCredit Leasing S.p.A. was set at three month EURIBOR plus a margin. At maturity of the lease, DDS will have the option to acquire the site from UniCredit Leasing S.p.A. for the amount of approximately €540,000 plus any taxes due.

DESCRIPTION OF THE NOTES

IVS F. S.p.A., a joint stock company organized under the laws of Italy (the "*Issuer*"), will issue euro-denominated senior secured notes (the "*Notes*") under an indenture to be dated April 4, 2013 (the "*Indenture*") between, among others, itself, IVS Group S.A. (the "*Parent Guarantor*"), the Subsidiary Guarantors, The Law Debenture Trust Corporation p.l.c., as the trustee (in such capacity, the "*Trustee*"), and BNP Paribas, Securities Services, as the security agent (in such capacity, the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). Unless the context requires otherwise, references in this Description of the Notes to the Notes include the Notes and any additional Notes that are issued pursuant to the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of, or be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes. This summary does not restate those agreements in their entirety. We urge you to read the Indenture and the Notes because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture and the form of Note are available as set forth below under "—Additional Information."

You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this description, the term "Issuer" refers only to IVS F. S.p.A., and not to any of its subsidiaries. The term "Parent Guarantor" refers only to IVS Group S.A., a public limited company (*société anonyme)* under the laws of the Grand Duchy of Luxembourg having its operational headquarters in Italy, and not to any of its subsidiaries. The words "we," "us," "our" and "group" each refer to the Parent Guarantor and its consolidated subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes will:

- be senior secured obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes. As of December 31, 2012, on a *pro forma* basis after giving effect to the Transactions, the Issuer would have had no *pari passu* Indebtedness outstanding (other than the Notes);
- rank senior in right of payment to any and all future obligations of the Issuer that are subordinated to the Notes;
- be effectively senior to the Issuer's existing and future unsecured indebtedness to the extent of the value of the Collateral securing the Notes;
- be structurally subordinated to all Indebtedness, other obligations and claims of holders of preferred stock of the Parent Guarantor's subsidiaries (other than the Issuer) that are not Subsidiary Guarantors. As of December 31, 2012, on a *pro forma* basis after giving effect to the Transactions, the Parent Guarantor's Subsidiaries (other than the Issuer) that are not Subsidiary Guarantors would have had approximately €60.3 million of Indebtedness outstanding and would have had significant trade payables and other liabilities outstanding;
- be effectively subordinated to any existing and future obligations of the Issuer that are secured by Liens senior to the Liens securing the Notes, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be fully and unconditionally guaranteed by the Guarantors, as described under "—The Note Guarantees."

The Note Guarantees

On the Issue Date the Notes will be fully and unconditionally guaranteed on a senior secured basis by the Parent Guarantor and on a senior unsecured basis by IVS Italia S.p.A., S. Italia S.p.A. and Fast Service S.p.A. (together with the Parent Guarantor, the "*Initial Guarantors*"). In addition, if required by the covenant described under "—Certain Covenants—Limitation on Guarantees by Restricted

Subsidiaries," certain other Restricted Subsidiaries may provide a Note Guarantee in the future (together with the Initial Guarantors, the "*Guarantors*"). The Note Guarantees will be joint and several obligations of the Guarantors. Each Guarantor other than the Parent Guarantor is referred to in this "Description of the Notes" as a "*Subsidiary Guarantor*."

The Note Guarantee of each Guarantor will:

- be a senior secured obligation in the case of the Parent Guarantor and a senior unsecured obligation in the case of each Subsidiary Guarantor;
- rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated to that Guarantor's Note Guarantee;
- rank senior in right of payment to any future Indebtedness of that Guarantor that is subordinated in right of payment to that Guarantor's Note Guarantee;
- be effectively subordinated to that Guarantor's existing and future secured indebtedness to the extent of the value of the property or assets securing such indebtedness unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be structurally subordinated to all existing and future indebtedness of any of that Guarantor's subsidiaries (other than, in the case of the Parent Guarantor, the Issuer) that do not guarantee the Notes.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. In particular, the Note Guarantees of Fast Service S.p.A. and S. Italia S.p.A. are limited to maximum aggregate amounts of €30.0 million and €20.0 million, respectively, as a consequence of applicable Italian corporate law limitations. For a description of such contractual limitations, see "Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations" and "Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral—The Note Guarantees are significantly limited by applicable laws and are subject to certain limitations and defenses." By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See also "Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral—Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Note Guarantees and the Collateral."

Not all of the Parent Guarantor's Restricted Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Restricted Subsidiaries, the non-guarantor Restricted Subsidiaries will pay the holders of their debt and their trade or other creditors before they will be able to distribute any of their assets to the Issuer or any Guarantor, as their direct or indirect shareholders. For the year ended December 31, 2012, the Initial Guarantors represented 78% of our total revenues and 76% of our Adjusted EBITDA and, as of December 31, 2012, the Initial Guarantors represented 84% of our total assets.

A significant portion of the operations of the Parent Guarantor are conducted through its Subsidiaries (other than the Issuer). As a result, each of the Issuer and the Parent Guarantor depends on the cash flow of those Subsidiaries to meet its obligations, including their obligations under the Notes.

The Parent Guarantor

The Parent Guarantor was incorporated as a public limited company (*société anonyme*) under Luxembourg law in August 2010 as a SPAC for the purpose of acquiring a company or business with its primary business operations in Italy through a merger or similar transaction. A company is considered to properly exist under Luxembourg law if its domicile is in Luxembourg and it is subject to Luxembourg law. According to the Luxembourg law on commercial companies dated 10 August 1915, as amended (the "**Luxembourg Companies' Law**"), the domicile of a company is located at the seat of its head office (*administration centrale*). The Luxembourg Companies' Law further provides for a rebuttable presumption that a company's head office is the same as its registered office (*siège statutaire*). Luxembourg Companies' Law does not define the head office (*administration centrale*) and the determination thereof is essentially a factual question. Under Luxembourg case law, factors that courts consider in determining the location of a

company's head office include the place of meetings of its corporate bodies, the location of its books and records and the place of the company's daily management.

The registered office of the Parent Guarantor is in Luxembourg, its books and records are kept in Luxembourg and our annual shareholders' meeting was held in Luxembourg. However, since the Merger, all of our meetings of the board of directors at which board members were physically present and an extraordinary shareholders' meeting have taken place in Italy and, as of December 31, 2012, we believe the Parent Guarantor's operational headquarters were in Italy. In addition, we believe that the Parent Guarantor was an Italian tax resident for the year ended December 31, 2012.

If it were to be established that the head office of the Parent Guarantor were not in Luxembourg, the applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain. See "Risk Factors—Risks Related to Our Capital Structure—The applicability of Luxembourg law to the Parent Guarantor and its corporate actions would be uncertain if it were to be established that the head office of the Parent Guarantor were not in Luxembourg." Although it is difficult to predict the legal consequences if Luxembourg law were deemed not to apply to the Parent Guarantor (including the effect on our corporate power and authority under Luxembourg law), we believe that in such event the Parent Guarantor would be found to be domiciled in Italy and thus effectively to be an Italian company. In order to address the potential consequences of this uncertainty, we believe (and have been advised by counsel) that the Parent Guarantor has taken all necessary corporate action to authorize, execute and perform all relevant obligations under its Note Guarantee and the applicable Security Documents under both Luxembourg and Italian law.

We note that the Luxembourg Public Prosecutor (*Procureur d'État*) may request the Luxembourg District Court (*Tribunal d'Arrondissement*) to seek remedial measures against companies that violate the Luxembourg Companies' Law and that such measures, in extreme circumstances (and when in the interest of a company's third party creditors), could include dissolution and liquidation. However, we believe that the Parent Guarantor is in compliance with the Luxembourg Companies Law in a manner sufficient to preserve our Luxembourg existence and domicile and our power and authority to execute and perform all relevant obligations under its Note Guarantees and the applicable Security Documents.

Furthermore, the Parent Guarantor will agree in the Indenture that, so long as the Parent Guarantor has its registered office in Luxembourg, it will comply with Luxembourg Companies Law in all material respects. See "—Certain Covenants—Corporate Existence."

Principal, Maturity and Interest

The Issuer will issue €200.0 million in aggregate principal amount of Notes in this offering. The Issuer may issue additional Notes under the Indenture ("*Additional Notes*") from time to time after this offering; *provided* that Additional Notes will only be issued in a qualified reopening or issued with separate Common Code and ISIN numbers, as applicable, from the Notes. The Notes may be issued in one or more series under the Indenture. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock." The Notes and any Additional Notes subsequently issued under the Indenture, will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on April 1, 2020. The Notes will mature at par.

Interest on the Notes will accrue at the rate of 7.125% per annum. Interest on the Notes will be payable semi-annually in arrears on April 1 and October 1, commencing on October 1, 2013. The Issuer will make each interest payment to the holders of record on the Business Day immediately preceding such interest payment date.

Interest on the Notes will accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Release of Note Guarantees

The Note Guarantee of a Guarantor will be released:

(1) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and that Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) in the case of a Guarantee by a Subsidiary Guarantor only, if the Parent Guarantor designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) as described under "—Amendment, Supplement and Waiver";

(5) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(6) in the case of an Additional Note Guarantee, upon the release or discharge of the Guarantee by such Guarantor of the Indebtedness that resulted in the creation of such Additional Note Guarantee pursuant to the covenant described under "—Certain Covenants—Limitation on Guarantees by Restricted Subsidiaries" (but not the release of any Note Guarantee in effect on the Issue Date);

(7) as a result of a transaction permitted by "—Merger, Consolidation or Sale of Assets";

(8) in accordance with an enforcement action pursuant to any Pari Passu Intercreditor Agreement; or

(9) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Security

The obligations of the Issuer under the Notes will initially be secured by a first-priority pledge of the receivables in respect of a loan (the "*Proceeds Loan*") by the Issuer to IVS Italia S.p.A. in an amount equal to the net proceeds received from the issuance of the Notes and the obligations of the Parent Guarantor under its Note Guarantee will initially be secured by a first priority lien on the shares of capital stock of the Issuer, IVS Italia S.p.A., S. Italia S.p.A. and the Parent Guarantor's ownership interest in Fast Service S.p.A., which as of the Issue Date, constitutes a 70% ownership interest (collectively, the "*Collateral*"). The Indenture will provide that the Collateral (other than the Post-Closing Collateral) will be granted on or about the Issue Date. The first priority lien on the shares of capital stock of IVS Italia S.p.A. (the "*Post-Closing Collateral*") will be granted no later than the date that is 20 Business Days after the Issue Date. Any other additional security interest that in the future may be granted to secure obligations under the Notes will also constitute Collateral.

Subject to certain conditions, including compliance with the covenant described under "—Certain Covenants—Liens," the Parent Guarantor is permitted to pledge or cause its Subsidiaries to pledge the Collateral in connection with future incurrence of Indebtedness, including issuances of Additional Notes, permitted under the Indenture on a *pari passu* basis with the then outstanding Notes. The Collateral can also be released from the Liens of the Security Documents under certain circumstances. See "—Release of the Security Interests" below.

Under the Security Documents, the Collateral will be pledged by the Issuer and the Parent Guarantor to secure the payment when due of the Issuer's and the Parent Guarantor's, as applicable, payment obligations under the Notes, the Note Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the relevant security provider, the Security Agent, and the Trustee acting for itself and in its capacity as Trustee, legal representative (*mandatorio con rappresentanza*) under the

Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.

Each holder of any Notes, by accepting a Note, shall be deemed (i) to have authorized the Trustee and the Security Agent to enter into the Security Documents and any Pari Passu Intercreditor Agreement as described under "—Intercreditor Agreements" below, in each case in compliance with the Indenture and (ii) to be bound thereby. Each holder of any Notes, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its agent under the Security Documents and any Pari Passu Intercreditor Agreement and authorizes it to act as such.

The Indenture and the Security Documents will provide that the rights of the holders of the Notes with respect to the Collateral must be exercised by the Security Agent upon written direction by the Trustee. Holders of the Notes may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Trustee or the Security Agent (upon the Trustee's direction), as applicable. The Security Agent, upon written instructions from the Trustee, will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture without requiring any consent of the holders. The Trustee will have the ability to direct the Security Agent to participate in the enforcement action under the Security Documents, and the Trustee has, and by accepting a Note each holder will be deemed to have, appointed and authorized the Security Agent pursuant to the terms of the Indenture to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Security Documents and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf. The Security Agent will have no discretion to take any enforcement action and instead it will only be obliged to do so to the extent permitted under applicable laws and in accordance with any Pari Passu Intercreditor Agreement (as defined below) and if: (i) so directed by the Trustee; and (ii) it is indemnified, and/or secured, and/or prefunded to its satisfaction against all liabilities to which it may thereby become liable, or which it may incur by so doing.

Subject to the terms of the Security Documents, the Parent Guarantor will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

The value of the Collateral securing the Notes and the Parent Guarantor's Note Guarantee may not be sufficient to satisfy the Issuer's and the Parent Guarantor's obligations under the Notes and the Note Guarantees, and the Collateral securing the Notes may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. Please see "Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral."

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Note Guarantees. By its nature, all of the Collateral is likely to be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

The Security Documents, respectively, will be governed by applicable local laws and provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent and in respect of the entire outstanding amount of the Notes. The term "*Security Interests*" refers to the Liens in the Collateral.

Release of the Security Interests

All of the Liens granted under the Security Documents will be automatically and unconditionally released in accordance with the terms and conditions in the Indenture upon Legal Defeasance or Covenant Defeasance as described under "—Legal Defeasance and Covenant Defeasance", if all obligations under the Indenture are discharged in accordance with the terms of the Indenture or as otherwise permitted in accordance with the Indenture, including but not limited to the covenants under "—Certain Covenants—Impairment of Security Interest," the Security Documents or any Pari Passu Intercreditor Agreement.

The Liens granted under the Security Documents will also be automatically and unconditionally released:

(1) in connection with any sale or other disposition of Collateral, directly or indirectly, to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Restricted Subsidiary (but excluding any transaction subject to the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets"), if the sale or other disposition does not violate the Indenture;

(2) to the extent such Collateral is sold or otherwise disposed of pursuant to an enforcement of the security over such Collateral under the applicable Security Document(s) in accordance with the terms of any Pari Passu Intercreditor Agreement;

(3) if the Parent Guarantor designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(4) as described under "—Certain Covenants—Liens";

(5) as described under "—Amendment, Supplement and Waiver"; or

(6) in connection with a transaction permitted by the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets."

In addition, Liens on property or assets constituting Collateral may also be released to the extent necessary to enable the Parent Guarantor or a Restricted Subsidiary to consummate the sale, transfer or other disposition of such property or assets; *provided* that such sale, transfer or other disposition does not violate the covenant described in "—Repurchase at the Option of the Holders—Asset Sales."

To the extent the Note Guarantee of the Guarantor that is an obligor in connection with the Proceeds Loan is released as described in "—Release of Note Guarantees" above, Liens constituting a first priority pledge of the receivables in respect of such Proceeds Loan shall also be released.

The Security Agent and the Trustee (if required) will take all reasonably necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees (if applicable), in accordance with the provisions of the Indenture or any Pari Passu Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London. The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agent will be The Bank of New York Mellon, London Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and will also maintain one or more transfer agents. The initial Registrar will be The Bank of New York Mellon (Luxembourg) S.A.. The initial transfer agent will be The Bank of New York Mellon, London Branch. The Registrar and the transfer agents will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, www.bourse.lu, or by any other means considered equivalent by the Luxembourg Stock Exchange.

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Notes*"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Reg S Global Notes*" and together with the 144A Global Notes, the "*Global Notes*").

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to Investors." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream, as applicable, will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the "*Restricted Book-Entry Interest,*" may be transferred (i) to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, or (ii) to a person who takes delivery in the form of Book-Entry Interests in the Reg S Global Note (the "*Reg S Book-Entry Interests*") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive registered Notes in certificated form ("*Definitive Registered Notes*") are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to Investors."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of one Business Day prior to any date fixed for the redemption of the Notes;

(2) for a period of one Business Day immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of one Business Day prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required by law to be made by any applicable withholding agent in respect of any payments made by the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, if any, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts ("*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each beneficial owner after such deduction or withholding (including any such deduction or withholding in respect of such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the relevant holder or beneficial owner of the Notes (or between a shareholder of the relevant holder or beneficial owner, if the relevant holder or beneficial owner is a corporation) and the relevant Tax Jurisdiction (including being a resident, citizen or national of, or incorporated or carrying on a business in, such jurisdiction for Tax purposes), other than any connection arising solely from the acquisition, ownership or disposition of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed or withheld as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, transfer or similar Taxes;

(4) any Taxes that are required to be withheld, deducted or imposed pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) any Taxes imposed with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another available Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments to a holder or beneficial owner under, or with respect to, the Notes or any Note Guarantee;

(7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure by the holder or beneficial owner of Notes to comply with the Issuer's written request addressed to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 45 days before any such withholding or deduction would be required on payments to the holder or beneficial owner), to provide any certification, identification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation;

(8) any Taxes imposed pursuant to Sections 1471 to 1474 of the Code as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future Treasury regulations or official administrative interpretations thereof, or any law implementing an intergovernmental approach to such Sections ("*FATCA*"), except to the extent that such Taxes result from a failure of any Paying Agent to comply with FATCA;

(9) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("Legislative Decree No. 239")) and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997; *provided* that:

(i) Additional Amounts shall be payable in circumstances in which the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to the actions or omissions of the Issuer or the Guarantors or their agents; and

(ii) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (white list) and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of the approval of the ministerial Decree to be issued under art. 168-bis D.P.R. No. 917 of 22nd December 1986 which may amend the list of the countries which allow for a satisfactory exchange of information with Italy, whereby such holder's country of residence does not appear on the new list; or

(10) any combination of items (1) through (9) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, which are levied by any Tax Jurisdiction on the execution, delivery, issuance, registration or enforcement of the Notes, the Indenture, any Note Guarantee or any other document referred to therein, or the receipt of any payments with respect thereto (limited solely, in the case of taxes attributable to payments with respect to the Notes or any Note Guarantee, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5), (7) through (9) above or any combination thereof).

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor (if it is the applicable withholding agent) will make all withholdings and deductions required by law to be made by them and will remit the full amount deducted or withheld to the relevant tax authorities in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain tax receipts from each tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of tax receipts evidencing payment by the Issuer or the relevant Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not available, other evidence of payments (reasonably satisfactory to the Trustee or the holder) by such entity.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be

deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which any payment under or with respect to the Notes (or any Note Guarantee) is made by or on behalf of such Person and, in each case, any political subdivision thereof or therein.

Optional Redemption

At any time prior to April 1, 2016, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 107.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided* that:

(1) at least 65% of the aggregate principal amount of each of the Notes originally issued under the Indenture (excluding Notes held by the Parent Guarantor and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to April 1, 2016, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for Changes in Taxes," the Notes will not be redeemable at the Issuer's option prior to April 1, 2016.

On or after April 1, 2016, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 1 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Note Redemption Price
2016	103.563%
2017	101.781%
2018 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption* Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next

date on which any amount would be payable in respect of the Notes, the Issuer or any Guarantor is or would be required to pay Additional Amounts, the Issuer or the relevant Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts) cannot avoid any such payment obligation by taking reasonable measures available to it, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice), which change or amendment is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the Notes were then due, and the law imposing the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized expertise in the laws of the relevant jurisdiction and satisfactory to the Trustee to the effect that the Issuer or Guarantor, as the case may be, has been or will become obligated to pay Additional Amounts as a result of such Change in Tax Law. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the Issuer or Guarantor, as applicable, cannot avoid its obligation to pay Additional Amounts by the Issuer or relevant Guarantor taking reasonable measures available to it, and in the case of a Guarantor, that the payment giving rise to such requirement to pay Additional Amounts cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts.

The Trustee will accept and shall be entitled to conclusively rely on such Officer's Certificate and Opinion of Counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to an offer (the "*Change of Control Offer*") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice and give notice to the Trustee of the Change of Control Offer. The Issuer will comply with the requirements of applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of

any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer; and

(4) deliver or cause to be delivered to the Paying Agent the Global Notes in order to reflect thereon the Notes or portion thereof that have been tendered to any purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered in accordance with the customary procedures of Euroclear and Clearstream, as applicable) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, www.bourse.lu, or by any other means considered equivalent by the Luxembourg Stock Exchange.

Asset Sales

The Parent Guarantor will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Parent Guarantor (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Parent Guarantor or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as recorded on the most recent balance sheet of the Parent Guarantor or any Restricted Subsidiary prior to such Asset Sale (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the Notes or any Note Guarantee), that are assumed by the transferee of any such assets and as a result of which the Parent Guarantor and the Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

   (b) any securities, notes or other obligations received by the Parent Guarantor or any such Restricted Subsidiary from such transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

   (c) any assets or Capital Stock of the kind referred to in clauses (3) and (4) of the next paragraph of this covenant;

   (d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Parent Guarantor and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

   (e) consideration consisting of Indebtedness of the Parent Guarantor or any Guarantor (other than Indebtedness that is by its terms subordinated in right of payment to the Notes or any Note Guarantee) received from Persons who are not the Parent Guarantor or any Restricted Subsidiary; and

   (f) any Designated Non-Cash Consideration received by the Parent Guarantor or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €10.0 million (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Parent Guarantor or the applicable Restricted Subsidiary, as the case may be, shall apply such Net Proceeds as follows:

(1) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to (but not including) the date of purchase (a "*Notes Offer*");

(2) to repurchase, prepay, redeem or repay (a) Indebtedness and other obligations (i) incurred under clause (1) of the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) which are *pari passu* in right of payment with the Notes or any Note Guarantee and, in the case of (ii) only, to the extent such Indebtedness is secured by a Lien on any Collateral, plus in each case accrued and unpaid interest to the date of such prepayment, repayment or purchase, (b) Indebtedness of any Restricted Subsidiaries of the Parent Guarantor that are not Subsidiary Guarantors or the Issuer (other than Indebtedness owed to the Parent Guarantor or a Restricted Subsidiary), (c) Indebtedness that is secured by assets which do not constitute Collateral or (d) to prepay, repay, purchase or redeem Indebtedness that is pari passu with the Notes or any Note Guarantee at a price of no more than 100% of the principal amount of such Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided* that in the case of this clause (2)(a) and (d), so long as the Parent Guarantor or such Restricted Subsidiary makes an Asset Sale Offer (as defined below) on a *pro rata* basis to all holders of the Notes at a purchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase;

provided, *further*, that, other than in connection with any such repurchase, prepayment, redemption or repayment of Indebtedness pursuant to this clause (2)(a)(i), the Parent Guarantor or such Restricted Subsidiary will permanently retire such Indebtedness and, in the case of revolving credit Indebtedness, will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so repurchased, prepaid, redeemed or repaid;

(3) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition, the Permitted Business is or becomes a Restricted Subsidiary;

(4) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(5) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (3), (4) or (6) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365-day period;

(6) to make capital expenditures in assets that are used or useful in a Permitted Business; or

(7) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Parent Guarantor (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings including pursuant to clause (2)(a)(i) of the previous paragraph or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds €20.0 million, within 20 Business Days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees (*provided* that such other Indebtedness contains provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem such Indebtedness with the proceeds of sales of assets) to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Parent Guarantor may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered pursuant to (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased, prepaid or redeemed on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer or the Parent Guarantor (as the case may be) will comply with the requirements of applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer or the Parent Guarantor (as the case may be) will comply with the applicable securities laws and regulations and will be deemed not to have breached its obligations under Asset Sale provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis, by use of a pool factor or on a method that the Trustee deems fair and appropriate (or, in the case of Notes issued in global form as discussed under "Book-Entry, Delivery and Form," based on the

applicable procedures of Euroclear and Clearstream, as applicable), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, www.bourse.lu, or by any other means considered equivalent by the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Parent Guarantor will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent Guarantor's or any Restricted Subsidiary's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent Guarantor or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent Guarantor's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Parent Guarantor or any of its Restricted Subsidiaries or Subordinated Shareholder Debt and other than dividends or distributions payable to the Parent Guarantor or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Parent Guarantor) any Equity Interests of the Parent Guarantor;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Parent Guarantor and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; *provided* that this clause (4) shall not prohibit the accretion of principal or the capitalization of interest in respect of Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Parent Guarantor would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Parent Guarantor and the Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted by clauses (1) (without duplication of amounts paid pursuant to any other clause of the next paragraph), (5), (8), (10) and (12) of the next paragraph, but excluding all other Restricted Payments permitted by the next paragraph) is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Parent Guarantor for the period (taken as one accounting period) from the first day of the fiscal quarter in which the Issue Date occurs to the end of the Parent Guarantor's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities, assets and other property received by the Parent Guarantor since the Issue Date as a contribution to its common equity capital or from the issue or sale of Subordinated Shareholder Debt or Equity Interests of the Parent Guarantor (other than Disqualified Stock), but excluding, in each case, (v) Subordinated Shareholder Debt or Equity Interests sold to a Subsidiary of the Parent Guarantor, (w) Subordinated Shareholder Debt or Equity Interests sold to an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees, to the extent funded by the Parent Guarantor or any Restricted Subsidiary, (x) to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (2) or (5) of the next paragraph of this covenant, (y) Excluded Contributions and (z) net cash proceeds received by the Parent Guarantor from an Equity Offering and used to redeem Notes in accordance with the first paragraph under "—Optional Redemption" above; *plus*

(iii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities, assets and other property received by the Parent Guarantor since the Issue Date from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent Guarantor or convertible or exchangeable Indebtedness of the Parent Guarantor that has been converted into or exchanged for Equity Interests (other than Disqualified Stock) of the Parent Guarantor or Subordinated Shareholder Debt, but excluding, in each case, (v) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Parent Guarantor, (w) Disqualified Stock or Indebtedness issued or sold to an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees, to the extent funded by the Parent Guarantor or any Restricted Subsidiary, (x) to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (2) or (5) of the next paragraph of this covenant, (y) Excluded Contributions and (z) the amount of any cash and the Fair Market Value of marketable securities, assets and other property distributed by the Parent Guarantor to the holders of such Disqualified Stock or Indebtedness of the Parent Guarantor in connection with, and as part of, such conversion or exchange; *plus*

(iv) to the extent that any Restricted Investment (a) is sold, disposed of or otherwise cancelled, liquidated, repurchased or repaid to or by a Person other than the Parent Guarantor or a Restricted Subsidiary, 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities, assets and other property received by the Parent Guarantor or any Restricted Subsidiary as a result thereof, or (b) was made in an entity that subsequently

becomes a Restricted Subsidiary, 100% of the Fair Market Value of such Restricted Investment as of the date such entity becomes a Restricted Subsidiary; *plus*

(v) to the extent that any Unrestricted Subsidiary of the Parent Guarantor designated as such on or after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Parent Guarantor or a Restricted Subsidiary, or all of the net assets of such Unrestricted Subsidiary are transferred to the Parent Guarantor or a Restricted Subsidiary, the Fair Market Value of the assets received by the Parent Guarantor or a Restricted Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets; *plus*

(vi) the amount of the cash and the Fair Market Value of property or assets or of marketable securities received by the Parent Guarantor or any Restricted Subsidiary in connection with (A) the sale or other disposition (other than to the Parent Guarantor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees, to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Parent Guarantor and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Parent Guarantor or a Restricted Subsidiary after the Issue Date; *provided* that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent it is included in this clause (vi).

The preceding provisions will not prohibit the following:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Parent Guarantor) of, Equity Interests of the Parent Guarantor (other than Disqualified Stock or Excluded Contributions), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Parent Guarantor (other than through the issuance of Disqualified Stock or through an Excluded Contribution); *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clauses (c)(ii) and (iii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Parent Guarantor or any Restricted Subsidiary that is contractually subordinated to the Notes or to any Note Guarantee (other than Subordinated Shareholder Debt):

(i) with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(ii) (A) from Net Proceeds from Asset Sales to the extent permitted under "—Repurchase at the Option of Holders—Asset Sales" above, but only if the Parent Guarantor shall have first complied with the terms described under "—Repurchase at the Option of Holders—Asset Sales" and purchased all Notes tendered pursuant to any Asset Sale Offer required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Indebtedness and (B) at a purchase price not greater than 100% of the principal amount of such subordinated Indebtedness plus accrued and unpaid interest;

(iii) to the extent required by the agreement governing such Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (A) if the Parent Guarantor shall have first complied with the terms described under "—Repurchase at the Option of Holders—Change of Control" and purchased all Notes tendered pursuant to any Change of Control offer required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such subordinated Indebtedness and (B) at a purchase price not greater than 101% of the principal amount of such subordinated Indebtedness plus accrued and unpaid interest; or

(iv) consisting of Acquired Debt (other than Indebtedness incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to

which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition); *provided* that any such repurchase, redemption, defeasance or other acquisition or retirement pursuant to this clause is at a purchase price not greater than 100% of the principal amount of such Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Indebtedness;

(4) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent Guarantor or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Parent Guarantor or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €2.0 million in any calendar year (with unused amounts in any calendar year being carried over to the next succeeding calendar year); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (i) the cash proceeds from the sale of Equity Interests of the Parent Guarantor or a Restricted Subsidiary received by the Parent Guarantor or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Parent Guarantor or any Restricted Subsidiary to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) or (iii) of the preceding paragraph or clause (2) of this paragraph *plus* (ii) the cash proceeds from key man life insurance policies received by the Parent Guarantor or any Restricted Subsidiary in such calendar year (including proceeds from the sale of such policies to the person insured thereby);

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Parent Guarantor or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Parent Guarantor or any Restricted Subsidiary to holders of its Equity Interests to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person; *provided*, that any such payment, dividend, distribution, advance or other Restricted Payment shall not be for the purpose of evading any limitation of this covenant or otherwise facilitate any dividend or other return of capital to holders of such Equity Interests (as determined in good faith by the Board of Directors of the Parent Guarantor);

(8) so long as no Default or Event of Default has occurred and is continuing, advances or loans to (a) any future, present or former officer, director, employee or consultant of the Parent Guarantor or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement, or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed, when taken together with the outstanding amount of Management Advances, €5.0 million in the aggregate outstanding at any time;

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests on a *pro rata* basis;

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), other Restricted Payments in an aggregate amount from the Issue Date not to exceed €20.0 million; *provided* that not more than €10.0 million of Restricted Payments shall be permitted pursuant to this clause (10) prior to the first anniversary of the Issue Date;

(11) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (11); and

(12) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness, and no Indebtedness shall be deemed to be subordinate or junior to any other Indebtedness solely by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Parent Guarantor will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, issue any Disqualified Stock and the Parent Guarantor will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that:

(1) the Parent Guarantor may incur Indebtedness (including Acquired Debt), or issue Disqualified Stock, and the Issuer and the Guarantors may incur Indebtedness (including Acquired Debt), issue Disqualified Stock or issue preferred stock, in each case, if the Fixed Charge Coverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.00 to 1.00, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(2) if the Indebtedness to be incurred is Senior Secured Indebtedness, the Issuer and the Guarantors may incur such Senior Secured Indebtedness if the Consolidated Senior Secured Leverage Ratio for the Parent Guarantor's most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been no greater than 3.50 to 1.00, as determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Parent Guarantor and any Restricted Subsidiary of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €30.0 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness of the Parent Guarantor or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;

(3) Indebtedness of the Issuer and the Guarantors represented by the Notes issued on the Issue Date and the related Note Guarantees;

(4) Indebtedness of the Parent Guarantor or any Restricted Subsidiary, in each case, representing (A) Capital Lease Obligations, mortgage financings or Purchase Money Obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Parent Guarantor or any of its Restricted Subsidiaries or (B) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of

design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Permitted Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €40.0 million and 65% of Consolidated EBITDA of the Parent Guarantor for the most recently completed four consecutive fiscal quarters for which internal consolidated financial statements are available;

(5) Permitted Refinancing Indebtedness or Disqualified Stock of the Parent Guarantor or any Restricted Subsidiary or preferred stock of any Restricted Subsidiary, in each case issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (12) of this paragraph;

(6) the incurrence by the Parent Guarantor or any Restricted Subsidiary of intercompany Indebtedness between or among the Parent Guarantor or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the tax, cash or working capital management operations of the Parent Guarantor and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Parent Guarantor and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Parent Guarantor or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Parent Guarantor or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent Guarantor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Issuer or to any Guarantor of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Guarantor; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Guarantor,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Issuer or any Guarantor of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor);

(9) the Guarantee by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of the Parent Guarantor or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be expressly subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness being Guaranteed;

(10) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 20 Business Days;

(11) Indebtedness represented by Guarantees of any Management Advances;

(12) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary; *provided*, *however*, with respect to this clause (12), that at the time of such acquisition or other transaction (x) the Parent Guarantor would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (12) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction including the incurrence of such Indebtedness pursuant to this clause (12);

(13) Indebtedness arising from agreements of the Parent Guarantor or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that, in the case of a disposition, the maximum liability of the Parent Guarantor and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent Guarantor and the Restricted Subsidiaries in connection with such disposition;

(14) Indebtedness of the Parent Guarantor and the Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, bankers' acceptances, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers' compensation obligations; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; and (B) any customary cash management, cash pooling or netting or setting off arrangements;

(15) Guarantees by the Parent Guarantor or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Parent Guarantor, so long as the aggregate principal amount of all such Indebtedness shall not exceed €5.0 million at any time outstanding;

(16) Indebtedness represented by guarantees of pension fund obligations of the Parent Guarantor or any Restricted Subsidiary required by law or regulation;

(17) [Reserved];

(18) Indebtedness or Disqualified Stock of the Parent Guarantor and Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (18), at any time outstanding not to exceed the greater of €30.0 million and 50% of Consolidated EBITDA of the Parent Guarantor for the most recently completed four consecutive fiscal quarters for which internal consolidated financial statements are available; *provided* that the aggregate principal amount of Priority Indebtedness permitted to be incurred pursuant to this clause (18) shall not exceed €10.0 million at any time outstanding;

(19) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business; and

(20) the incurrence by the Parent Guarantor or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or

any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant:

(1) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (20) above, and/or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and will be permitted from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; *provided* that Indebtedness under the New Revolving Credit Facility will be deemed to have been incurred under clause (1) of the definition of Permitted Debt and may not be reclassified;

(2) Guarantees of, or obligations in respect of, letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included for purposes of determining compliance with, and outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with this covenant;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to (1), (4) or (18) of the second paragraph, or the first paragraph, of this covenant, and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Parent Guarantor or a Restricted Subsidiary, or preferred stock of any Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof; and

(5) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

The accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of commitments or obligations (including preferred stock) due to a change in accounting principles, and the payment of dividends in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Parent Guarantor as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this covenant, the Parent Guarantor shall be in default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the Euro Equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided*, *however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to the euro, the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the Euro Equivalent of the Indebtedness

refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such Euro Equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the Euro Equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

  (i) the Fair Market Value of such assets at the date of determination; and

  (ii) the amount of the Indebtedness of the other Person.

Liens

The Parent Guarantor will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets constituting Collateral, whether now owned or hereafter acquired, except Permitted Collateral Liens.

The Parent Guarantor will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness (an "*Initial Lien*") upon any of their property or assets, whether now owned or hereafter acquired, except Permitted Liens, unless all payments due under the Indenture and the Notes and any Note Guarantee are secured on an equal and ratable basis with (or prior to, in the case of Liens with respect to Indebtedness which is contractually subordinated in right of payment to the Notes or any Note Guarantee) the obligations so secured until such time as such obligations are no longer secured by a Lien.

Any such Lien created in favor of the Notes or any Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) otherwise as set forth under "—Security—Release of the Security Interests".

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Parent Guarantor or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary;

(2) make loans or advances to the Parent Guarantor or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Parent Guarantor or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness incurred by the Parent Guarantor or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness and Credit Facilities (including the New Revolving Credit Facility) as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor);

(2) the Indenture, the Notes, the Note Guarantees, any Pari Passu Intercreditor Agreement and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Parent Guarantor or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) Purchase Money Obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition; *provided* that such sale or disposition is made in accordance with the covenant described under the caption "Repurchase at the Option of Holders—Asset Sales";

(9) agreements governing Permitted Refinancing Indebtedness; *provided* that such restrictions contained in such agreements are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor);

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, (i) detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or such Restricted Subsidiary or (ii) materially interfere with the Issuer's ability to make payments of principal or interest in respect to the Notes; and

(14) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (13), or in this clause (14); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor).

Merger, Consolidation or Sale of Assets

The Parent Guarantor will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Parent Guarantor is the surviving entity), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Parent Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Parent Guarantor is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Parent Guarantor under the Notes, the Indenture, the applicable Security Documents and any Pari Passu Intercreditor Agreement;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Parent Guarantor or the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and to any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Parent Guarantor delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and the Indenture, and, if the Parent Guarantor is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the successor Person enforceable (subject to customary exceptions and exclusions) in accordance with their terms; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving entity), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws

of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes, the Indenture, the applicable Security Documents and any Pari Passu Intercreditor Agreement;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and to any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Parent Guarantor delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and the Indenture, and, if the Issuer is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the successor Person enforceable (subject to customary exceptions and exclusions) in accordance with their terms; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (x) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving entity), or (y) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

  (a) such Subsidiary Guarantor is the surviving entity; or

  (b) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Subsidiary Guarantor under the Indenture, its Note Guarantee, the applicable Security Documents and any Pari Passu Intercreditor Agreement;

(2) immediately after such transaction, no Default or Event of Default exists; and

(3) the Parent Guarantor delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and the Indenture, and, if the Subsidiary Guarantor is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the successor Person enforceable (subject to customary exceptions and exclusions) in accordance with their terms; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor (including the Parent Guarantor); (b) any consolidation or merger among Guarantors (other than the Parent Guarantor merging into another Guarantor where the Parent Guarantor is not the surviving entity) or among Restricted Subsidiaries that are not Subsidiary Guarantors; (c) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia and will assume the obligations of the Issuer under the Indenture, the Notes, the applicable Security Documents and any Pari

Passu Intercreditor Agreement; (d) any consolidation or merger by a Subsidiary Guarantor into any other Person or sale by a Subsidiary Guarantor where the provision of a Note Guarantee by the surviving entity could reasonably be expected to (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) give rise to or result in (i) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (ii) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) to the Parent Guarantor or such Restricted Subsidiary, including, for the avoidance of doubt, "white-wash" or similar procedures or (iii) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (ii) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) the Parent Guarantor or the Restricted Subsidiary; *provided* that immediately after giving pro forma effect to such consolidation, merger or sale (and treating any Indebtedness which becomes an obligation of the surviving entity as a result of such consolidation, merger or sale as having been incurred by the surviving entity at the time of such consolidation, merger or sale), no Default or Event of Default exists; or (e) any sale, assignment, transfer, conveyance, lease or other disposition of assets among the Restricted Subsidiaries that are not Guarantors. Clauses (3) and (4) of the first and second paragraphs and clause (2) of the third paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantor with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction; *provided* that the Person formed by or surviving such merger or consolidation (if other than the Issuer or such Guarantor) assumes all the obligations of the Issuer or such Guarantor under the Indenture, the Notes, the Note Guarantees and the Security Documents, as applicable. The foregoing provisions (other than the requirements of clause (3) of the first and second paragraphs and clause (2) of the third paragraph of this covenant) shall not apply to any transactions which constitute an Asset Sale if the Parent Guarantor and its Restricted Subsidiaries have complied with the covenant described under "—Asset Sales".

Successor Corporation Substituted

Upon any consolidation or merger or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Parent Guarantor, the Issuer or any Subsidiary Guarantor or their respective Restricted Subsidiaries, in a transaction that is subject to, and that complies with the provisions of the covenant described above under "—Merger, Consolidation or Sale of Assets," the successor Person formed by such consolidation or into or with which the Parent Guarantor, the Issuer or any Subsidiary Guarantor, as applicable, is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this "Description of the Notes" referring to the "Parent Guarantor", the "Issuer" or the "Subsidiary Guarantor," as applicable, shall refer instead to the successor Person and not to the Parent Guarantor, the Issuer or such Subsidiary Guarantor, as applicable), and may exercise every right and power of the predecessor Parent Guarantor, Issuer or Subsidiary Guarantor, as applicable, under the Indenture with the same effect as if such successor Person had been named as the Parent Guarantor, the Issuer or a Subsidiary Guarantor, as applicable, therein and the predecessor Parent Guarantor, Issuer or Subsidiary Guarantor, as applicable, shall be discharged from all obligations under the Indenture, any Note Guarantee, any Pari Passu Intercreditor Agreement and any Security Document, as applicable; *provided*, *however*, that the predecessor Issuer shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale, conveyance, transfer or lease of all of the assets of or a consolidation or merger of the Issuer in a transaction that is subject to, and that complies with the provisions of, the covenant described above under "—Merger, Consolidation or Sale of Assets."

Transactions with Affiliates

The Parent Guarantor will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement,

understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Parent Guarantor (each, an "*Affiliate Transaction*") involving aggregate consideration in excess of €2.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent Guarantor or such Restricted Subsidiary with an unrelated Person (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor); and

(2) the Parent Guarantor delivers to the Trustee:

   (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €5.0 million, a resolution of the Board of Directors of the Parent Guarantor set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Parent Guarantor; and, in addition,

   (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that (i) the transaction or series of related transactions is fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances, or (ii) the terms are not materially less favorable to the Parent Guarantor and its Restricted Subsidiaries than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Parent Guarantor or any Restricted Subsidiary or any parent entity of the Parent Guarantor (to the extent that such parent entity renders services to the businesses of the Parent Guarantor and its Restricted Subsidiaries), including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor);

(2) transactions between or among the Parent Guarantor and/or its Restricted Subsidiaries;

(3) transactions between or among the Parent Guarantor or any Restricted Subsidiary and a Person (other than an Unrestricted Subsidiary of the Parent Guarantor) that is an Affiliate or Associate or similar entity of the Parent Guarantor solely because the Parent Guarantor or a Restricted Subsidiary or any Affiliate of the Parent Guarantor or a Restricted Subsidiary owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Parent Guarantor or any Restricted Subsidiary or any parent entity of the Parent Guarantor (to the extent that such Parent Entity renders services to the businesses of the Parent Guarantor and its Restricted Subsidiaries);

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor to Affiliates of the Parent Guarantor;

(6) any Restricted Payment (other than a Permitted Investment) that does not violate the provisions of the Indenture described above under the caption "—Restricted Payments";

(7) transactions pursuant to, or contemplated by, any agreement in effect on the Issue Date which are disclosed in this Offering Memorandum under the heading "Certain Relationships and Related Party Transactions" and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes (as determined by the Board of Directors of the Parent Guarantor in their reasonable and good faith judgment) than the original agreement as in effect on the Issue Date;

(8) the issuance of any Subordinated Shareholder Debt;

(9) any Permitted Investment described in clause (5), (6), (9), (10) or (11) of the definition thereof;

(10) Management Advances; and

(11) transactions with customers, clients, suppliers, Associates (including joint venture partners) or purchasers or sellers of goods or services or lessors or lessees of property or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Parent Guarantor or its Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Parent Guarantor or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person.

Intercreditor Agreements

At the request of the Parent Guarantor, at the time of, or prior to, any time that the Parent Guarantor or any of its Restricted Subsidiaries incurs or guarantees any indebtedness to be secured by a Lien on assets of the Parent Guarantor or any of its Restricted Subsidiaries permitted to be incurred under the covenant described above under "—Liens" ("*Pari Passu Indebtedness*"), which assets (the "*Shared Collateral*") will also ratably secure the Notes and/or a Note Guarantee, the Parent Guarantor or the relevant Restricted Subsidiary, the Trustee and the Security Agent will enter into an intercreditor agreement (each a "*Pari Passu Intercreditor Agreement*") in respect of the Shared Collateral with the other creditors sharing the benefit of such Lien (the "*Pari Passu Creditors*") (or their agent, representative or trustee), containing provisions which reflect the following (together, the "*Fundamental Intercreditor Rights*"):

(i) Obligations under the Notes and the Note Guarantees shall rank *pari passu* in all respects with any Pari Passu Indebtedness and any Obligations under hedging agreements permitted to be secured on a senior ranking basis, including in respect of the Shared Collateral (and shall share pro rata in the net proceeds thereof arising by virtue of the enforcement of the Shared Collateral).

(ii) Any Pari Passu Intercreditor Agreement shall not restrict payments in respect of any Obligations under Pari Passu Indebtedness or Obligations under the Notes or the Note Guarantee (together, the "*Pari Passu Creditor Obligations*") except that, following the occurrence of an acceleration event under any Pari Passu Indebtedness or the Notes under the Indenture or certain events of bankruptcy or insolvency, none of the Parent Guarantor or the Restricted Subsidiaries (the "*Debtors*") may make and no Pari Passu Creditors may receive payments of the Pari Passu Creditor Obligations except amounts properly distributed in accordance with such Pari Passu Intercreditor Agreement.

(iii) Upon any of the Liens becoming enforceable, enforcement decisions under the Shared Collateral documents will be made by the Pari Passu Creditors constituting at least a two-thirds majority (66⅔%) of the Pari Passu Creditor Obligations (the "*Instructing Group*"), on a euro-for-euro basis; *provided* that the holders of the Notes and any class of Pari Passu Creditors shall be entitled to vote on enforcement decisions regardless of whether a default or event of default has occurred or is continuing under the respective indenture or credit agreement. No Pari Passu Creditor shall have any independent right to enforce any of the Liens or to instruct or require the Security Agent to enforce any of the Shared Collateral documents except as instructed by the Instructing Group. Any instructions given by the Instructing Group will be binding on all of the Pari Passu Creditors.

(iv) The Pari Passu Intercreditor Agreement will contain customary turnover provisions.

(v) The Pari Passu Intercreditor Agreement shall include provisions such that if, for any reason, any of the Pari Passu Creditor Obligations remain unpaid after the date enforcement action is taken and the resulting losses are not borne by the Pari Passu Creditors in the proportions which their respective exposures at such enforcement date bore to the aggregate exposures of all of the Pari Passu Creditors at such enforcement date, the Pari Passu Creditors will make such payments among themselves as the Security Agent shall require to put the Pari Passu Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions. The Trustee shall not be required to make payments if it has distributed amounts received to holders of the Notes and did not have written notice on the date of such distribution of the obligation to make such equalization payments.

(vi) If in relation to any request for a vote, action or decision to be taken by any group of Pari Passu Creditors as required under the Pari Passu Intercreditor Agreement (including, without limitation, for the purpose of constituting the Instructing Group as defined above), any Pari Passu Creditor within

such respective class fails to vote in favor of or against such request, or fails to provide details of its relevant participation or liabilities owed to it to the security agent within 20 Business Days from the date on which notice of such request, action or decision was given to all the Pari Passu Creditors then eligible to vote thereon, then that Pari Passu Creditor's participation and/or liabilities owed to it shall be deemed to be zero for the purpose of calculating the relevant total participations and/or liabilities when ascertaining whether any relevant percentage has been obtained to carry that vote or approve that action or decision.

(vii) Any Pari Passu Intercreditor Agreement shall permit, on customary terms, any Pari Passu Creditor Obligations to be refinanced with other senior secured equal ranking debt and for such new indebtedness to be ranked equally with other Pari Passu Creditor Obligations (including sharing in the security under the Liens); *provided* that such debt is permitted to be incurred under the terms of the relevant credit documentation in respect of any Pari Passu Creditor Obligations that will remain following such refinancing.

(viii)Any Pari Passu Intercreditor Agreement shall be governed by the laws of England.

The Shared Collateral will only be released, and Liens will only be granted on the assets the subject of the Shared Collateral, to the extent permitted under (or not prohibited by) the Indenture, the applicable Security Documents and the documents governing the terms of the Pari Passu Indebtedness.

Each Pari Passu Intercreditor Agreement will have an intercreditor agent or security agent (if not the Security Agent) who acts on behalf of all of the holders of the Pari Passu Indebtedness and the Notes, the Trustee and any of their agents.

Any Pari Passu Intercreditor Agreement may contain provisions in addition to those described above to the extent necessary or desirable to enable the Parent Guarantor or any of its Restricted Subsidiaries to enter into and consummate corporate, financing and other transactions. Provided such provisions do not conflict with the Fundamental Intercreditor Rights described above, and provided that such Pari Passu Intercreditor Agreement contains such provisions as are customarily requested by note trustees when entering into intercreditor agreements on behalf of noteholders, the Trustee and the Security Agent shall enter into such Pari Passu Intercreditor Agreements on behalf of the holders of Notes.

The Indenture will provide that, at the written direction of the Parent Guarantor and without the consent of the holders of the Notes, the Trustee and the Security Agent may from time to time enter into one or more amendments to any Pari Passu Intercreditor Agreement or deed to: (i) cure any ambiguity, defect or inconsistency therein; (ii) increase the amount of Indebtedness of the types covered by the Pari Passu Intercreditor Agreement in a manner not prohibited by the Indenture and in a manner substantially consistent with the ranking and terms of such Pari Passu Intercreditor Agreement; (iii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iv) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Parent Guarantor, in order to implement any transactions permitted under the caption "—Merger, Consolidation, or Sale of Assets"; *provided* that such change does not adversely affect the Fundamental Intercreditor Rights of any holder of the Notes in any material respect; or (v) make any other such change thereto that does not in any material respect adversely affect the Fundamental Intercreditor Rights of any holder of the Notes. The Parent Guarantor shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Pari Passu Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendment, Supplement and Waiver" and shall not direct the Trustee to enter into any amendment to any Pari Passu Intercreditor Agreement which adversely affects the rights or immunities of the Trustee.

Any Pari Passu Intercreditor Agreement may be terminated at the option of the Parent Guarantor if at the date of such termination the Pari Passu Indebtedness covered thereby has been repaid or refinanced or otherwise discharged. The Trustee and the Security Agent shall take all reasonably necessary actions to effectuate the termination of any Pari Passu Intercreditor Agreement in accordance with these provisions, subject to customary protections and indemnifications.

Each holder of a Note, by accepting such Note, will be deemed to have:

(1) appointed and authorized each of the Trustee and the Security Agent to give effect to such provisions;

(2) authorized the Trustee and the Security Agent to become a party to any future Pari Passu Intercreditor Agreement described above;

(3) agreed to be bound by such provisions and the provisions of any future Pari Passu Intercreditor Agreement described above; and

(4) irrevocably appointed the Trustee to act on its behalf to enter into and comply with such provisions and the provisions of any future Pari Passu Intercreditor Agreement described above.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Parent Guarantor may designate any Restricted Subsidiary (but not the Issuer or any successor to the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Parent Guarantor and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Parent Guarantor. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Parent Guarantor as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments." The Board of Directors of the Parent Guarantor may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF Market of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF Market of the Luxembourg Stock Exchange, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another recognized stock exchange or exchange regulated market in western Europe.

Reports

So long as any Notes are outstanding, the Parent Guarantor will post on its website and furnish to the Trustee:

(1) within 120 days after the end of the Parent Guarantor's fiscal year beginning with the fiscal year ending December 31, 2013, annual reports containing the following information with a level of detail that is similar in scope to this Offering Memorandum: (a) audited consolidated balance sheet of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the three most recent fiscal years, including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any acquisitions or dispositions (but only to the extent that such *pro forma* financial information can be made available without unreasonable expense, in which case the Parent Guarantor will provide, in the case of an acquisition, acquired company financials) that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause 2 or 3 below) if such acquisition or disposition, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 25% of the consolidated revenues, EBITDA, or assets of the Parent Guarantor on a *pro forma* basis or recapitalizations that have occurred since the beginning of the most recently completed

fiscal year as to which such annual report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (2) below (*provided* that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal year as to which such annual report relates shall be reported in the next interim report provided pursuant to this covenant); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Parent Guarantor, material affiliate transactions and material debt instruments; and (e) risk factors and material recent developments;

(2) within 60 days (or in the case of the fiscal quarter ending March 31, 2013, 75 days) following the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor beginning with the fiscal quarter ending March 31, 2013, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Parent Guarantor, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any acquisitions or dispositions (but only to the extent that such *pro forma* financial information can be made available without unreasonable expense, in which case the Parent Guarantor will provide, in the case of an acquisition, acquired company financials) if such acquisition or disposition, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, represent greater than 25% of the consolidated revenues, EBITDA, or assets of the Parent Guarantor on a *pro forma* basis or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1) or (2) of this covenant (*provided* that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal quarter as to which such quarterly report relates shall be reported in the next annual or interim report provided pursuant to this covenant) (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of the Parent Guarantor and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent Guarantor or change in auditors of the Parent Guarantor or any other material event that the Parent Guarantor announces publicly, a report containing a description of such event,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for the Issuer, any Subsidiary Guarantors or non-guarantor Subsidiaries of the Parent Guarantor; *provided*, *further*, *however*, that any reports set out in this paragraph delivered to the Trustee via email or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph.

In addition, if the Parent Guarantor has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent Guarantor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries.

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Parent Guarantor or Subsidiaries of the Parent Guarantor or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Parent Guarantor's compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee shall be entitled to rely exclusively on Officer's Certificates).

Limitation on Guarantees by Restricted Subsidiaries

The Parent Guarantor will not cause or permit the Issuer or any of its Restricted Subsidiaries that is not the Issuer or a Guarantor, directly or indirectly, to guarantee any Indebtedness of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a Note Guarantee which Note Guarantee will be on the same terms and conditions as those set forth in the Indenture and either *pari passu* with or senior to such Restricted Subsidiary's guarantee of such other Indebtedness (each such additional guarantee, an "*Additional Note Guarantee*").

Notwithstanding the foregoing:

(1) no Additional Note Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) such Note Guarantee need not be secured unless required pursuant to the "—Liens" covenant;

(3) if such Indebtedness is by its terms expressly subordinated to the Notes or any Note Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Additional Note Guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to the Notes or any other senior guarantee;

(4) no Note Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the Issue Date or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A- or the equivalent thereof by S&P and at least A3 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Parent Guarantor's benefit or that of any Restricted Subsidiary;

(5) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) to the Parent Guarantor or such Restricted Subsidiary, including, for the avoidance of doubt, "white-wash" or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) to the Parent Guarantor or the Restricted Subsidiary; and

(6) each Additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Impairment of Security Interest

The Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the provisos below, that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the

Collateral); and the Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and/or the other beneficiaries described in the Security Documents and any Pari Passu Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that the Parent Guarantor and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents and any Pari Passu Intercreditor Agreement; *provided, however*, that, except with respect to any discharge or release in accordance with the Indenture, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or any Pari Passu Intercreditor Agreement (but excluding any provisions of any Pari Passu Intercreditor Agreement to the extent such provisions conflict with the terms of the corresponding provisions of the Indenture) the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Parent Guarantor delivers to the Trustee, (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an accounting, appraisal or investment banking firm of international standing confirming the solvency of the Parent Guarantor and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that the Parent Guarantor complies with the requirements of this covenant, (a) the Trustee shall (subject to customary protections and indemnifications in the Indenture) consent to such amendments and (b) the Trustee shall (subject to customary protections and indemnifications in the Indenture) instruct the Security Agent to enter into any such amendments, in each case without the need for instructions from the holders. For the avoidance of doubt, the Security Agent will have no discretion to consent to any such amendments and, instead, it will only be obliged to execute the relevant amendment if so directed by the Trustee and shall also have the benefit of customary protections and indemnifications in the Indenture.

Limitation on Permitted Activities

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business.

Corporate Existence

Subject to the covenant described under the caption "—Merger, Consolidation or Sale of Assets" and any other applicable provisions of the Indenture, (i) so long as the registered office of the Parent Guarantor is in Luxembourg, the Parent Guarantor shall comply with the Luxembourg Companies Law in all material respects and (ii) the Parent Guarantor and each Restricted Subsidiary shall do or cause to be done all things necessary to maintain the corporate preserve and keep in full force and effect their corporate, partnership, limited liability company or other existence and the rights (charter and statutory), licenses and franchises of the Parent Guarantor and each Restricted Subsidiary; *provided* that, in the case of this clause (ii), the Parent Guarantor and each Restricted Subsidiary shall not be required to preserve any such right, license or franchise if the board of directors of the Parent Guarantor shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Parent Guarantor and the Restricted Subsidiaries as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

Suspension of Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date

(together, a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Parent Guarantor and the Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Designation of Restricted and Unrestricted Subsidiaries";

(6) "—Limitation on Guarantees by Restricted Subsidiaries";

(7) "—Transactions with Affiliates";

(8) "—Impairment of Security Interest"; and

(9) clause (4) of the first and second paragraphs of the covenant described under "—Merger, Consolidation or Sale of Assets."

The Issuer shall notify the Trustee that the two conditions set forth in the first paragraph under this heading have been satisfied; *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective.

Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period, and the "—Restricted Payments" covenant will be interpreted as if it has been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

All Indebtedness (including under the New Revolving Credit Facility) incurred during the continuance of the Suspension Period will be deemed to have been incurred, at the Issuer's option, pursuant to the first paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" or one of the clauses of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" (other than clause (18)), to the extent such Indebtedness would be permitted to be incurred thereunder as of the date on which the Suspension Period ends and after giving effect to Indebtedness incurred prior to the Suspension Event and outstanding on such date. To the extent such Indebtedness would not be so permitted to be incurred under the first or second paragraph (other than clause (18) of the second paragraph) of such covenant, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock." The amount of Indebtedness deemed incurred under clause (18) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" as of the date on which the Suspension Period ends shall be equal to the principal amount of any Indebtedness that was incurred and outstanding under such clause (18) on the date on which the Suspension Event occurred and that is still outstanding as of the date on which the Suspension Period ends.

Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero. In addition, within 20 Business Days of the end of a Suspension Period, the Parent Guarantor will cause any of its Restricted Subsidiaries that is not the Issuer or a Guarantor and that guaranteed any Indebtedness of the Issuer or any Guarantor during such Suspension Period to execute and deliver an Additional Note Guarantee, subject to the second paragraph of the covenant described under "—Limitation on Guarantees by Restricted Subsidiaries."

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Parent Guarantor or any of its Restricted Subsidiaries for 30 days (after receiving written notice) to comply with any of the provisions described above under the caption "—Repurchase at the Option of Holders—Change of Control";

(5) failure by the Parent Guarantor or a Restricted Subsidiary for 60 days (after written notice to the Parent Guarantor by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class) to comply with any of the agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4) above) or the Security Documents;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent Guarantor or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Parent Guarantor or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

   (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (a "*Payment Default*"); or

   (b) results in the acceleration of such Indebtedness prior to its final stated maturity,

   and, in each case, the principal amount of any such indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €15.0 million or more;

(7) failure by the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Parent Guarantor for a fiscal period end provided as required under "—Certain Covenants—Reports"), would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating €15.0 million or more, other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies under, which final judgments shall not have been paid, discharged or stayed for a period of more than 60 consecutive days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of the Parent Guarantor or a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Parent Guarantor for a fiscal period end provided as required under "—Certain Covenants—Reports"), would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Parent Guarantor, the Issuer or any Subsidiary Guarantor which is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Parent Guarantor for a fiscal period end provided as required under "—Certain Covenants—Reports"), would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Parent Guarantor or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements

for the Parent Guarantor and its Restricted Subsidiaries), would constitute a Significant Subsidiary; and

(10) the Security Interests purported to be created under any Security Document (other than in accordance with the terms of the relevant Security Document, any Pari Passu Intercreditor Agreement and the Indenture) with respect to Collateral having a Fair Market Value in excess of €5.0 million will, at any time, cease to be in full force and effect and constitute a valid and perfected Lien with the priority required by the applicable Security Document and/or any Pari Passu Intercreditor Agreement for any reason other than the satisfaction in full of all Obligations under the Indenture and discharge of the Indenture or in accordance with the terms of any Pari Passu Intercreditor Agreement or the Security Documents or any such Security Interest purported to be created under any Security Document is declared invalid or unenforceable or the Issuer or any Guarantor granting Collateral the subject of any such Security Interest denies or disaffirms its obligations that any such Security Interest is valid or enforceable and such failure to be in full force and effect or such denial or disaffirmation has continued uncured for a period of 15 days.

In the case of an Event of Default arising under clause (9) above, all outstanding Notes will become due and payable immediately without further action or notice. A default arising under clauses (4), (5), (6), or (7) above will not constitute an Event of Default until the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes notify the Parent Guarantor of the default and, with respect to clauses (4), (5), (6) and (7) above the Parent Guarantor does not cure such default within the time specified in clauses (4), (5), (6) or (7), as applicable, above after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (9) above) occurs and is continuing, the Trustee by notice to the Parent Guarantor or the holders of at least 25% in aggregate principal amount of the then outstanding Notes by notice to the Parent Guarantor and the Trustee, may, and the Trustee at the request of such holders of Notes shall, declare all the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default and Remedies" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if (i) the event of default or Payment Default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto, (ii) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (iii) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any, in respect of the Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity against any loss, liability or expense reasonably satisfactory to the Trustee;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Notes outstanding by written notice to the Parent Guarantor and the Trustee may rescind an acceleration and annul such declaration and its consequences under the Indenture if:

(1) the Parent Guarantor has paid or deposited with the Trustee a sum sufficient to pay: (a) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, (b) all overdue interest and Additional Amounts on all Notes then outstanding, (c) the principal of and premium, if any, on any Notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes and (d) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes;

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(3) all Events of Default, other than the non-payment of principal of, premium, if any, and any Additional Amounts and interest on the Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past or existing Default or Event of Default (other than a continuing Default in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note under the Indenture and its consequences, which may only be waived with the consent of holders of the Notes holding at least 90% of the aggregate principal amount of the Notes outstanding), and may rescind any acceleration with respect to the Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Parent Guarantor is required to deliver to the Trustee, within 120 days after the end of each fiscal year starting with the fiscal year ending December 31, 2013 (and within 14 days upon request by the Trustee at any time after the 120 days), an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. Upon any Officer of the Issuer or Guarantors acquiring actual knowledge of any Default or Event of Default, the Issuer or Guarantors are required to deliver to the Trustee a statement specifying such Default or Event of Default and the action that is being taken in respect of such Default or Event of Default. Both the Trustee and the Security Agent may assume without inquiry, in the absence of actual knowledge, that the Issuer and Guarantors are duly complying with their obligations contained in the Indenture required to be observed and performed by each of them, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of the Parent Guarantor's Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee and the Security Agent, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee or such entity designated by the Trustee for this purpose, in trust, for the benefit of the holders of the Notes, cash in euro, non-callable European Government Obligations or a combination of cash in euro and non-callable European Government Obligations in an amount as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors, or with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, any Pari Passu Intercreditor Agreement or the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, any Pari Passu Intercreditor Agreement or the Security Documents may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained

in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, waiver or other modification will only affect a series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

Unless consented to by the holders of at least 75% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release the Parent Guarantor or any Subsidiary Guarantor that is not an Immaterial Subsidiary from any of their obligations under their respective Note Guarantees or the Indenture, except in accordance with the terms of the Indenture;

(10) release any Security Interests granted for the benefit of the Holders in the Collateral other than in accordance with the Security Documents, any Pari Passu Intercreditor Agreement or the Indenture; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors, the Trustee and the Security Agent may amend or supplement the Indenture, the Notes, the Note Guarantees, any Pari Passu Intercreditor Agreement or the Security Documents:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Note Guarantees or the Notes;

(6) to release any Note Guarantee or Collateral in accordance with the terms of the Indenture, the Security Documents or any Pari Passu Intercreditor Agreement;

(7) to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee and any Security Document with respect to the Notes;

(9) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture, the Security Documents or any Pari Passu Intercreditor Agreement;

(10) to add security to or for the benefit of the Notes and enter into a Pari Passu Intercreditor Agreement with respect thereto, or to effectuate or confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents or any Pari Passu Intercreditor Agreement; or

(11) as provided under "—Intercreditor Agreements".

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee and the Security Agent shall be entitled to rely absolutely on such evidence as it deems appropriate, including Opinions of Counsel and an Officer's Certificates.

Meeting of Holders of Notes

In addition to and without prejudice to the provisions described above under the caption "—Amendment, Supplement and Waiver". in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the holders of the Notes to consider any matter affecting their interests, including, without limitation, any amendment, supplement or waiver described above under the caption "—Amendment, Supplement and Waiver" (including with respect to those matters set forth in clauses (1) through (11) of the second paragraph thereunder). A meeting may be convened either (i) by the board of directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes. According to the Italian Civil Code, the vote required to pass a resolution by a meeting of holders of the Notes will be (a) in the case of the first meeting, one or more persons that hold or represent holders of more than one half of the aggregate principal amount of the outstanding Notes, and (b) in the case of the second and any further adjourned meeting, one or more persons that hold or represent holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided*, *however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by a resolution passed at a meeting of holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes. With respect to the matters set forth in clause (1) through (11) of the second paragraph under "—Amendment, Supplement and Waiver," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass a resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "Risk Factors—Risks Related to the Notes, Note Guarantees and Collateral—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of Noteholders with the vote of either 75% or 50% of the outstanding Notes." Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of holders of the Notes can be challenged by holders pursuant to Articles 2377 and 2379 of the Italian Civil Code. The Indenture will provide that the provisions described under this "Meeting of Holders of Notes" shall be in addition to, and not in substitution of, the provisions described under the caption "—Amendment, Supplement and Waiver." As

such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "Meeting of Holders of Notes" must also comply with the other provisions described under "—Amendment, Supplement and Waiver."

Noteholders' Representative

A representative of the holders of the Notes (*rappresentante comune*) (the "*Noteholders' Representative*") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the holders of the Notes in order to represent the interests of the holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon the request of one or more holders of the Notes or upon the request of the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

Acts by Holders

In determining whether holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Parent Guarantor, a Restricted Subsidiary or by any Affiliate of the Parent Guarantor will be disregarded and deemed not to be outstanding.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

  (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment in euro has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Paying Agent for cancellation; or

  (b) all Notes that have not been delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Parent Guarantor;

(2) the Issuer or any Guarantor has deposited or caused to be deposited with the Trustee or such entity as the Trustee designates for this purpose as trust funds in trust solely for the benefit of the holders, cash in euro, non-callable European Government Obligations or a combination of cash in euro and non-callable European Government Obligations in an amount as will be sufficient in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of deposit (in the case of Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be;

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Parent Guarantor must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

Judgment Currency

Euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes, any Note Guarantee thereof and the Indenture. Any payment on account of an amount that is payable in euro, in respect of the Notes which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of euro, with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euro that could be so purchased is less than the amount of euro originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Parent Guarantor shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default, describing their status and what action the Parent Guarantor is taking or proposes to take in respect thereof. The Trustee will be permitted to engage in other transactions; *provided* that if it acquires any conflicting interest in its capacity as Trustee it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties. Except during the continuance of an Event of Default, the Trustee has only its express duties under the Indenture and no implied duties shall be assumed.

Listing

Application has been made to list the Notes on the Euro MTF Market of the Luxembourg Stock Exchange.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture without charge by writing to the Issuer at via dell'Artigianato 25, I-24068 Seriate (BG), Italy.

So long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of the Parent Guarantor's annual audited consolidated financial statements and the Parent Guarantor's unaudited consolidated interim financial statements may be obtained, free of charge, upon the written request directed to the Parent Guarantor at the contact information in the above paragraph or, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since all of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Governing Law

The Indenture, the Notes and each Note Guarantee, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary;

(2) Indebtedness of any Person assumed by the specified Person in connection with the acquisition of assets and assumption of related liabilities from such other Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such acquisition of assets and assumption of related liabilities; or

(3) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

  (a) the present value at such redemption date of (x) the redemption price of the Note at April 1, 2016 (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption") plus (y) all required interest payments due on the Note through April 1, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

  (b) the principal amount of the Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Parent Guarantor or any Restricted Subsidiary; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Parent Guarantor or any Restricted Subsidiary of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €5.0 million;

(2) a transfer of assets or Equity Interests between or among the Parent Guarantor and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to a Guarantor;

(4) the sale, lease or other transfer or discount of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Parent Guarantor and the Restricted Subsidiaries;

(5) licenses and sublicenses by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Liens";

(8) the sale or other disposition of cash or Cash Equivalents, including but not limited to cash and funds received in connection with the Coin Services Business;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person) related to such assets; *provided* that the consideration for such disposition is at least equal to the Fair Market Value of the assets being disposed of;

(12) transactions permitted under "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(13) sales, transfers or dispositions of tax and VAT receivables owing from government entities in connection with the incurrence of VAT Advances;

(14) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Parent Guarantor or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition; and

(17) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "Asset Sales" covenant.

"*Associate*" means:

(1) any Person engaged in a Permitted Business of which the Parent Guarantor or any Restricted Subsidiaries are the beneficial owners of between 20% and 50% of (a) the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity or (b) the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, whether in the form of membership, general, special or limited partnership interests or otherwise; and

(2) any joint venture entered into by the Parent Guarantor or any Restricted Subsidiary.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to April 1, 2016; *provided*, *however*, that if the period from the redemption date to April 1, 2016 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to April 1, 2016 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, Luxembourg, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided* that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Realtime Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a financial lease that is at that time capitalized on a balance sheet prepared in accordance with IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition (a "*Deposit*") issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States or any state thereof, Switzerland, Canada or Norway; *provided* that either (x) on the Issue Date, the Parent Guarantor or any Restricted Subsidiary held Deposits with such bank or trust company (or any branch, Subsidiary or Afiliate thereof) or (y) such bank or trust company (i) has capital, surplus and undivided profits aggregating in excess of €250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and (ii) whose commercial paper (or if the parent of such bank or trust company is a bank or trust company that otherwise fulfills the requirements of this provision, such parent's commercial paper) is rated at least "P-1" or the equivalent thereof by Moody's or "A-1" or the equivalent thereof by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) Deposits in connection with the Coin Services Business in the ordinary course of business and consistent with past practice issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) (a) the Parent Guarantor becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the U.S. Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor; *provided* that for purposes of this clause (1), IVS Partecipazoni S.p.A. (or any successor entity) shall not itself be deemed to be a beneficial owner (as defined above) of the Voting Stock of the Parent Guarantor (except for purposes of calculating the aggregate outstanding Voting Stock of the Parent Guarantor) unless a person or group of related persons (as such terms are so defined

above), other than one or more Permitted Holders, beneficially owns (as defined above), directly or indirectly, in the aggregate a majority of the voting power of the Voting Stock of such entity;

(2) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than a Permitted Holder; or

(3) the adoption of a plan by the holders of the Capital Stock of the Parent Guarantor relating to the liquidation or dissolution of the Parent Guarantor.

"*Clearstream*" means Clearstream Banking, *société anonyme*.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*Coin Services Business*" means the activities of the Parent Guarantor and its Subsidiaries in Italy related to the coin management business described in the Offering Memorandum, including but not limited to the activities of CSH S.r.l., Coin Partecipazioni S.r.l., Coin Service Empoli S.p.A. and Coin Service Nord S.p.A. as of the Issue Date.

"*Collateral*" means the rights, property and assets securing the Notes and the Note Guarantees as described in the section entitled "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer or a Guarantor under the Notes, the Note Guarantees and the Indenture, as the case may be.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets or the impact of purchase accounting on the Parent Guarantor's Consolidated Net Income for such period) decreasing the Parent Guarantor's Consolidated Net Income (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain Covenants—incurrence of Indebtedness and Issuance of Preferred Stock" (including refinancing thereof) whether or not successful, including (a) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (b) any amendment or other modification of any incurrence; *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Parent Guarantor and the Restricted Subsidiaries; *plus*

(6) the amount of any minority interest expense deducted in such period in calculating Consolidated Net Income; *plus*

(7) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Parent Guarantor as extraordinary, exceptional, unusual or nonrecurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period) other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (12) of the definition of Consolidated Net Income,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) any goodwill or other intangible asset impairment charges will be excluded;

(2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash or Cash Equivalents to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments," any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Parent Guarantor (or the Issuer or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date) except that the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Parent Guarantor or any Restricted Subsidiaries (including pursuant to any Sale and Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) or in connection with the sale or disposition of securities will be excluded;

(5) any non-cash compensation charge or expense arising from share-based payment transactions determined, including in respect of pension liabilities, on a consolidated basis in accordance with IFRS will be excluded;

(6) any non-cash charges or increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition) or resulting from any reorganization or restructuring involving the Parent Guarantor or its Subsidiaries will be excluded;

(7) the cumulative effect of a change in accounting principles will be excluded;

(8) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (d) any expenses, charges, fees, taxes, reserves or other costs related to the Transactions or amortization of such costs (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor), in each case, will be excluded;

(9) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness will be excluded;

(10) all fees, expenses and other costs incurred in connection with (a) any refinancing of any Indebtedness of the Parent Guarantor or any Restricted Subsidiary and (b) any Equity Offering or offering of other securities of the Parent Guarantor or any Restricted Subsidiary will in each case be excluded;

(11) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(12) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Debt.

"*Consolidated Senior Secured Leverage*" means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis *minus* the amount of cash and Cash Equivalents that would be stated on the balance sheet of such Person and its Restricted Subsidiaries as of such date (but excluding any cash and Cash Equivalents consisting of coins purchased in connection with the Coin Services Business).

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (a) Consolidated Senior Secured Leverage on such date to (b) the Consolidated EBITDA of the Parent Guarantor for the period of the most recent four consecutive quarters for which financial statements are available, in each case with such *pro forma* adjustments to Indebtedness and Consolidated EBITDA as are appropriate and consistent with the pro forma provisions set forth in the definition of "Fixed Charge Coverage Ratio".

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means, one or more debt facilities, indentures, instruments, trust deeds, fiscal agency agreements, note purchase agreements or arrangements incurred by the Parent Guarantor or any Restricted Subsidiary (including the New Revolving Credit Facility, commercial paper facilities and overdraft facilities) with banks, other institutions, insurance companies or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, insurance companies or institutions and whether provided under the New Revolving Credit Facility or one or more other credit or other agreements, indentures, trust deeds, fiscal agency agreements, note purchase agreements, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed

and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent Guarantor as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the expiry of a grace period, the giving of notice or the making of any determination or any combination of the foregoing would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the Indenture provisions described under "—Repurchase at the Option of Holders—Asset Sales."

"*Disqualified* Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "—Certain Covenants—Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means (i) a bona fide underwritten offering of Capital Stock (other than Disqualified Stock or as an Excluded Contribution and excluding any portion of such offering sold to any Subsidiary of the Parent Guarantor) of the Parent Guarantor pursuant to (x) a registration statement that has been declared effective by the SEC pursuant to the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Parent Guarantor) or a public offering outside of the United States; or (y) Rule 144A and/or Regulation S under the U.S. Securities Act or (ii) a capital increase in the form of a sale of newly issued Capital Stock (*aumento di capital*) of the Parent Guarantor or an issuance of Capital Stock of the Parent Guarantor in connection with the exercise of warrants by one or more warrant holders for the Capital Stock of the Parent Guarantor.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Parent Guarantor or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Parent Guarantor) on the date of such determination.

"*Euroclear*" means Euroclear Bank SA/NV.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment of which such member state of the European Union pledges its full faith and credit.

"*Excluded Contribution*" means net cash proceeds or property or assets received by the Parent Guarantor as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Parent Guarantor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Parent Guarantor, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Parent Guarantor on the date such contribution to equity is made or such Capital Stock is issued or sold.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by an Officer of the Parent Guarantor (unless otherwise specified).

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems any Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to, except as provided in the proviso below, the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness incurred or Disqualified Stock or preferred stock issued on such determination date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the date of determination of any Indebtedness or the repurchase or redemption of any Disqualified Stock or preferred stock to the extent that such discharge, repurchase or redemption could result from the proceeds of Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock."

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Parent Guarantor or any Restricted Subsidiary, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date, shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference

period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Parent Guarantor or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Parent Guarantor (including cost savings and synergies relating to such transaction that are reasonably identifiable and factually supportable. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Parent Guarantor to be the rate of interest implicit in such Capital Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Parent Guarantor may designate.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the Fixed Charges, if any, attributable to such discontinued operations are excluded pursuant to clause (2) below;

(2) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(5) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(6) in making such computation, the Fixed Charges of such Person attributable to interest or any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based on the average daily balance of such Indebtedness during the applicable period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of cash or non-cash interest income other than cash or non-cash interest income from Affiliates) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid, received or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest that was capitalized during such period (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments

associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such specified Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such specified Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of the Parent Guarantor or any Restricted Subsidiary or any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Parent Guarantor or a Restricted Subsidiary.

For the avoidance of doubt, "Fixed Charges" excludes accrued and unpaid interest on Subordinated Shareholder Debt.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means each of the Initial Guarantors and any Restricted Subsidiary that executes a Note Guarantee of the Issuer's obligations under the Indenture and the Notes in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards as issued by the International Accounting Standards Board and in effect from time to time.

"*Immaterial Subsidiary*" means, at any time, a Restricted Subsidiary of the Parent Guarantor which meets the following conditions:

(1) the Parent Guarantor's and its Restricted Subsidiaries' investments in and advances to such Restricted Subsidiary are less than 5% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Parent Guarantor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Restricted Subsidiary are less than 5% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; and

(3) the Parent Guarantor's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary are less than 5% of such income of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing net obligations under any Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such person at such time),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Funding;

(2) any lease, concession or license of assets or other property which would be considered an operating lease under IFRS as in effect on the Issue Date and any guarantee given in the ordinary course of business by the Parent Guarantor or any of its Restricted Subsidiaries solely in connection with, and in respect of, the obligations of the Parent Guarantor or any of its Restricted Subsidiaries under any such operating lease;

(3) Contingent Obligations in the ordinary course of business and obligations that are Standard Securitization Undertakings;

(4) in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;

(5) any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business;

(6) for the avoidance of doubt, any contingent obligations in respect of worker's compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(7) any Obligations owing to clients of the Parent Guarantor or any Restricted Subsidiary operating in the Coin Services Business arising from coins purchased by the Parent Guarantor and its Restricted Subsidiaries which have not yet been reimbursed to the relevant clients after processing; or

(8) any Obligations in respect of warrants for the Capital Stock of the Parent Guarantor that appear as a liability upon a balance sheet of a specified Person in accordance with IFRS; *provided* that the exercise of such warrants would result in a capital increase in the form of a sale of newly issued Capital Stock (*aumento di capital*) of the Parent Guarantor or an issuance of Capital Stock of the Parent Guarantor.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding under such facility.

"*Investment Grade Status*" shall occur when the Notes are rated "BBB-" or better by S&P (or, if such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of the U.S. Exchange Act selected by the Parent Guarantor as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers

and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS.

If the Parent Guarantor or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Parent Guarantor will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Parent Guarantor's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments."

The acquisition by the Parent Guarantor or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent Guarantor or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments."

Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the original cost of such Investment.

"*Issue Date*" means April 4, 2013.

"*Italian Civil Code*" means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Luxembourg Companies Law"* means the Luxembourg law on commercial companies dated August 10, 1915, as amended.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, managers, consultants or employees of the Parent Guarantor or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business, not exceeding €5.0 million in the aggregate outstanding at any time.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Parent Guarantor or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expense incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS and all pro rata distributions and other payments required to be made to minority interest holders (other than the Parent Guarantor or any of its Restricted Subsidiaries) in Subsidiaries or Associates as a result of such Asset Sale.

"*New Revolving Credit Facility*" means the unsecured revolving credit facility to be dated on or about the Issue Date between, among others, the Parent Guarantor, as borrower, and Intesa Sanpaolo S.p.A., Bergamo Branch, as agent, providing for borrowings in an aggregate principal amount of up to €15.0 million.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes dated , 2013.

"*Officer*" means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of such Person or a responsible accounting or financial officer of such Person.

"*Officer's Certificate*" means a certificate signed by an Officer; *provided* that each certificate with respect to compliance with a condition or covenant provided for in the Indenture shall include:

(1) a statement that the Person making such certificate has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;

(3) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

"*Opinion of Counsel*" means an opinion in writing from and signed by legal counsel (including in-house counsel of the Parent Guarantor) that is reasonably acceptable to the Trustee; *provided* that each opinion with respect to compliance with a condition or covenant provided for in the Indenture shall include:

(1) a statement that the Person making such opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such opinion are based;

(3) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

"*parent entity*" means any Person of which the Parent Guarantor at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any parent entity.

"*Permitted Business*" means (a) any businesses, services or activities engaged in or proposed to be conducted by the Parent Guarantor or any of its Restricted Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Parent Guarantor or any of its Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means the following types of Liens:

(1) Liens on the Collateral that are described in one or more of clauses (3), (5), (6), (11), (12) and (15) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(2) Liens on the Collateral securing the Notes issued on the Issue Date and any Permitted Refinancing Indebtedness in respect thereof and the related Note Guarantees of the Notes or such Permitted Refinancing Indebtedness;

(3) Liens on the Collateral securing Indebtedness that is permitted to be incurred under clauses (1), (8), (9) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and

is specified in this definition of "Permitted Collateral Liens") or (18) of the definition of Permitted Debt; and

(4) Liens on the Collateral securing Indebtedness that is permitted to be incurred by the first paragraph of the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and Permitted Refinancing Indebtedness in respect thereof.

"*Permitted Holders*" means, collectively, (a) the Principals and any Related Person thereof and (b) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"*Permitted Investments*" means:

(1) any Investment in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Parent Guarantor or any Restricted Subsidiary in a Person, if as a result of such Investment:

  (a) such Person becomes a Restricted Subsidiary; or

  (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from a disposition of property or assets, including an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; (B) litigation, arbitration or other disputes or (C) as a result of any foreclosure, perfection or enforcement of any Lien;

(7) Investments in receivables owing to the Parent Guarantor or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(9) Investments in the Notes and any other Indebtedness (other than Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee and Subordinated Shareholder Debt) of the Parent Guarantor or any Restricted Subsidiary;

(10) any Guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by the Parent Guarantor or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Parent Guarantor or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) [Reserved];

(14) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of €25.0 million and 40% of Consolidated EBITDA of the Parent Guarantor for the most recently completed four consecutive fiscal quarters for which internal consolidated financial statements are available; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(16) Management Advances;

(17) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(18) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture; and

(19) Guarantees, keepwells and similar arrangements not prohibited by the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock".

"*Permitted Liens*" means:

(1) Liens in favor of the Issuer or any of the Guarantors;

(2) Liens on property or other assets (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary, or at the time the Parent Guarantor or a Restricted Subsidiary acquires such property or other assets (including Capital Stock); *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation or such acquisition of property or assets (including Capital Stock), were not incurred in contemplation thereof and are limited to all or part of the same property or other assets (including Capital Stock) (plus improvements, accession, proceeds or dividends or distributions in connection with the original property or other assets (including Capital Stock)) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens existing on the Issue Date;

(5) Liens for Taxes that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings; *provided* that any reserve or other appropriate provision, if any, required by IFRS shall have been made therefor;

(6) Liens imposed by law, such as carrier's, warehousemen's, landlord's and mechanic's Liens, in each case, incurred in the ordinary course of business;

(7) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with indebtedness and that do not

in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(8) (a) Liens created for the benefit of (or to secure) the Notes (or the Guarantees) and (b) Permitted Collateral Liens;

(9) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (33) of this definition) permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(10) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(11) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(12) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness and any security granted over cash or Cash Equivalents in connection with the Coin Services Business;

(14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(15) Leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(17) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary has easement rights or on any real property leased by the Parent Guarantor or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(18) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(19) Liens securing or arising by reason of any netting or setoff arrangement entered into in the ordinary course of banking or other trading activities;

(20) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(21) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Parent Guarantor's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(22) Liens to secure Indebtedness permitted under clause (4) of the second paragraph under the covenant described above at "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is permitted to be incurred under the Indenture and (ii) any such Lien may not extend to any assets or property of the Parent Guarantor or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(23) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Parent Guarantor or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal; and (b) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(24) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Parent Guarantor;

(25) Liens created on any asset of the Parent Guarantor or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Parent Guarantor or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(26) Liens over treasury stock of the Parent Guarantor or a Restricted Subsidiary purchased or otherwise acquired for value by the Parent Guarantor or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(27) [Reserved];

(28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any Associates or other joint ventures which are not Restricted Subsidiaries securing obligations of such Associates or joint ventures;

(29) Liens incurred in connection with a cash management program established in the ordinary course of business;

(30) Liens to secure Indebtedness under Hedging Obligations incurred in accordance with clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; *provided* that any such Hedging Obligation relates to the interest rate or currency exchange rates applicable to the Indebtedness secured by Liens described in clauses (2), (4), (8), (20), (22), (31) and, only to the extent that any of the foregoing Liens has been so extended, renewed, refinanced or replaced, (9) and (32) of this definition, and such Liens to secure such Hedging Obligation are limited to all or part of the same property or assets subject to the Liens securing the underlying Indebtedness to which such Hedging Obligation relates;

(31) Liens to secure (a) Indebtedness permitted under (a) clause (1) of the definition of Permitted Debt and (b) Priority Indebtedness permitted under clause (18) of the definition of Permitted Debt; and

(32) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (31) (but excluding clauses (9), (18), (22) and (31)); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Parent Guarantor or any Restricted Subsidiary (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the

principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith at the time of such renewal, refund, refinancing, replacement, exchange, defeasance or discharge);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

provided, *however*, that Permitted Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness with respect to which the borrower thereof is the Issuer or a Guarantor or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principal*" means each of Cesare Cerea, Massimo Paraviso, Massimo Trapletti and Antonio Tartaro.

"*Priority Indebtedness*" means Indebtedness (without double counting) (a) directly incurred by or that has the benefit of a Guarantee of any Restricted Subsidiary of the Parent Guarantor that is not the Issuer or a Guarantor outstanding at any time or (b) incurred by the Parent Guarantor or any Restricted Subsidiary and secured by a Lien on property or assets that do not secure the Notes and/or the Note Guarantees on a equal and ratable or priority basis.

"*Purchase Money Obligations*" means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Related Person*" means, with respect to any Principal:

(1) any immediate family member of such Person;

(2) any wholly owned Subsidiary of one or more Principals or their immediate family members (excluding directors' qualifying shares);

(3) any trust or partnership for the benefit of one or more of Principals or their immediate family members, or the estate, executor, administrator, committee or beneficiaries of any Principal or their immediate family members; or

(4) the heirs of any Principal or their immediate family members or beneficiaries of the estate of any Principal or their immediate family members or any trust or similar arrangement established in respect of the estate of any Principal or their immediate family members.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Parent Guarantor that is not an Unrestricted Subsidiary (including, for the avoidance of doubt, the Issuer).

"*S&P*" means Standard & Poor's Ratings Group.

"*Sale and Leaseback Transaction*" means an arrangement relating to property now owned or hereafter acquired whereby the Parent Guarantor or a Restricted Subsidiary transfers such property to a Person and the Parent Guarantor or a Restricted Subsidiary leases it from such person.

"*SEC*" means the United States Securities and Exchange Commission.

"*Security Documents*" means the pledge agreements, security agreements, assignments or other documents under which a security interest is granted to secure the payment and performance when due of the Issuer and/or the Guarantors under the Notes, the Note Guarantees and the Indenture, as the case may be.

"*Senior Secured Indebtedness*" means, as of any date of determination, the principal amount of any Indebtedness that is secured by a Lien and Indebtedness of a Restricted Subsidiary of the Parent Guarantor that is not a Guarantor.

"*Significant Subsidiary*" means, at any time, a Restricted Subsidiary of the Parent Guarantor which meets the following conditions:

(1) the Parent Guarantor's and its Restricted Subsidiaries' investments in and advances to such Restricted Subsidiary exceed 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Parent Guarantor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Restricted Subsidiary exceeds 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Parent Guarantor's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as in effect on the date of its issuance, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means Indebtedness of the Parent Guarantor held by one or more of its shareholders; *provided* that such Indebtedness (and any security into which such Indebtedness is convertible or for which it is exchangeable at the option of the holder) (i) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes, (ii) does not pay cash interest, (iii) contains no change of control provisions and has no right to declare a default or event of default or take any enforcement action prior to the first anniversary of the Stated Maturity of the Notes, (iv) is unsecured and (v) is fully subordinated and junior in right of payment to the Notes.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantor*" means a Subsidiary of the Parent Guarantor that is a Guarantor.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Transactions*" means (a) the merger between IVS Group Holding S.p.A. and Italy 1 Investment S.A. and (b) the entry by the issuance of the Notes under the Indenture, the repayment of certain Indebtedness of

the Parent Guarantor and its Subsidiaries with certain of the proceeds thereof, the application of the remaining proceeds thereof and the payment of fees and expenses in connection with such uses.

"*Unrestricted Subsidiary*" means any Subsidiary of the Parent Guarantor that is designated by the Board of Directors of the Parent Guarantor as an Unrestricted Subsidiary in accordance with the provisions summarized under "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries" pursuant to a resolution of the Board of Directors, but only to the extent that:

(1) such Subsidiary has no Indebtedness other than Non-Recourse Debt;

(2) such Subsidiary is a Person with respect to which neither the Parent Guarantor nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(3) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor which is not a Subsidiary of such Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(4) such designation and the Investment of the Parent Guarantor or any of its Restricted Subsidiaries in such Subsidiary complies with "—Certain Covenants—Restricted Payments."

"*U.S. Exchange Act*" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*U.S. Securities Act*" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*VAT Advances*" means any third party financings where the Indebtedness incurred by the Parent Guarantor or any Restricted Subsidiary is financed by the transfer of VAT credits to a creditor with respect to which the Parent Guarantor or any Restricted Subsidiary has already made the request for reimbursement to the applicable governmental agency.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Global Note**"). Notes sold outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "**Rule 144A Book Entry Interests**") and ownership of interests in the Regulation S Global Note (the "**Regulation S Book Entry Interests**" and, together with the Rule 144A Book Entry Interests, the "**Book Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book Entry Interests will not be issued in definitive form.

Book Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book Entry Interests. In addition, while the Notes are in global form, holders of Book Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Guarantors, the Trustee, the Security Agent or the Paying Agent will have any responsibility, or be liable, for any aspect of the records relating to the Book Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default (as defined in the Indenture) and commencement of enforcement action under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the relevant Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee and the Paying Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes. However, owners of the Book Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that no Book Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent for onward payment to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*" above, the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Guarantors, the Trustee and each Agent will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default (as defined in the Indenture) under the Notes,

Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture governing the Notes.

The Global Notes will bear a legend to the effect set forth under "*Notice to Investors*." Book Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Transfers of Rule 144A Book Entry Interests to persons wishing to take delivery of Rule 144A Book Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book Entry Interest for a Rule 144A Book Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book Entry Interests in a Global Note only as described under "Description of the Notes—Transfer and Exchange" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Any Book Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book Entry Interest in any other Global Note will, upon transfer, cease to be a Book Entry Interest in the first mentioned Global Note and become a Book Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

Information Concerning Euroclear and Clearstream

All Book Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuer, the Guarantors, the Trustee, the Agents or the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded

securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee or any Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union, Luxembourg, Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Luxembourg, Italian or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to EU, Luxembourg, Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Luxembourg, Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

EU Directive on the Taxation of Savings Income

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted the European Union Savings Directive (Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments, the "**Directive**") effective from July 1, 2005. Under the Directive, each member state of the European Union (each, a "**Member State**") is required to provide to the tax authorities of another Member State details of certain payments of interest and other similar income paid by a paying agent (within the meaning of the Directive) to an individual resident or certain types of entities called "residual entities" (within the meaning of the Directive, the "**Residual Entities**"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria and Luxembourg may instead impose a withholding system unless during such period they elect otherwise. The Directive does not preclude Member States from levying other types of withholding tax.

Also with effect from July 1, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The European Commission has announced on November 13, 2008 proposals to amend the Directive. The European Parliament approved an amended version of this proposal on April 24, 2009. If implemented, the proposed amendments may amend or broaden the scope of the requirements above. Investors who are in any doubt as to their position should consult their professional advisers.

Luxembourg Tax Considerations

The following information is of a general nature only and is based on the Company's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this preliminary offering memorandum. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Notes and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to the holders of the Notes. This summary is based on the laws in force in Luxembourg on the date of this prospectus and is subject to any change in law that may take effect after such date. Prospective holders of the Notes should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts

only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Luxembourg tax residency of the holders of the Notes

Investors will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of their rights thereunder.

Withholding tax

Resident holders of the Notes

Under the Luxembourg law dated December 23, 2005 (the "**Law**"), a 10% Luxembourg withholding tax is levied as of January 1, 2006 on interest or similar income payments (accrued since July 1, 2005) made by Luxembourg paying agents to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Further, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made as from January 1, 2008 by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Directive may opt for a final 10% levy. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 10% final levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year.

Non-resident holders of the Notes

Under the Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated June 21, 2005 (the "**Laws**") implementing the Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of the Notes. There is also no Luxembourg withholding tax upon repayment of the principal, or subject to the application of the Laws, upon redemption or exchange of the Notes.

Under the Laws, a Luxembourg based paying agent (within the meaning of the Directive) is required since July 1, 2005, to withhold tax on interest and other similar income (including reimbursement premium received at maturity) paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity ("**Residual Entity**") in the sense of Article 4.2. of the Directive (i.e. an entity without legal personality except for (1) a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (2) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognized in accordance with Council Directive 2009/65/EC), resident or established in another Member State of the European Union, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals or Residual Entity resident in any of the following territories: Aruba, Bonaire, British Virgin Islands, Curaçao, Guernsey, the Isle of Man, Jersey, Montserrat, Saba, Sint Eustatius and Sint Maarten.

The withholding tax rate is currently 35%.

In each case described here above (residents and non-residents), responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Taxation of holders of the Notes

Taxation of Luxembourg non-residents

Holders of the Notes who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realize capital gains upon redemption, repurchase, sale, disposal or exchange, in any form whatsoever, of any Notes.

Holders of the Notes who are non-residents of Luxembourg and who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable are liable to Luxembourg income tax on any interest received or accrued, as well as any reimbursement premium received at maturity and any capital gain realized on the sale or disposal, in any form whatsoever, of the Notes and have to include this income in their taxable income for Luxembourg income tax assessment purposes.

Taxation of Luxembourg residents

Luxembourg resident individuals

An individual holder of the Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realized upon the sale, disposal or redemption of the Notes, which do not constitute zero coupon notes, by an individual holder of the Notes, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes. An individual holder of the Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

A gain realized upon a sale of zero coupon Notes before their maturity by Luxembourg resident holders of the Notes, in the course of the management of their private wealth, must be included in their taxable income for Luxembourg income tax assessment purposes.

Luxembourg resident individual holders of the Notes acting in the course of the management of a professional or business undertaking to which the Notes are attributable, may have to include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in any form whatsoever, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg corporate residents

Luxembourg corporate holders of the Notes must include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg corporate residents benefiting from a special tax regime

Luxembourg holders of the Notes who benefit from a special tax regime, such as, for example, undertakings for collective investment subject to the amended law of December 17, 2010, specialized investment funds governed by the amended law of February 13, 2007 or family wealth management companies governed by the amended law of May 11, 2007 are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realized thereon, are not subject to income taxes.

Net Wealth Tax

Luxembourg resident holders of the Notes and non-resident holders of the Notes who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg wealth tax on such Notes, except if the holder of the Notes is (i) an individual, (ii), an undertaking for collective investment subject to the amended law of December 17, 2010, (iii), a securitization company governed by the amended law of March 22, 2004 on securitization, (iv) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended law of February 13, 2007 or (vi) a family wealth management company governed by the amended law of May 11, 2007.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of the Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes (except in case of voluntary registration in Luxembourg or if registration is ordered by a court or another official authority).

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a holder of the Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian resident and non-Italian-resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax Treatment of Interest

Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree 239**") sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree 917**")), issued, *inter alia*, by:

a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the white list provided for by Article 168-*bis* of Decree 917 (for the time being, reference is to be made to the Ministerial Decree of September 4, 1996, as subsequently amended and supplemented, the "**White List**"); or

b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance on the aforementioned regulated markets or platforms.

For these purposes, securities similar to bonds ("*titoli similari alle obbligazioni*") are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity, an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian-Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident beneficial owner of the Notes (a "**Noteholder**") is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*);
- a non-commercial private or public institution; or
- an investor exempt from Italian corporate income taxation,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a withholding tax (*imposta sostitutiva*), levied at a rate of 20%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the "*Risparmio Gestito*" regime provided for by Article 7 of Italian Legislative Decree of November 21, 1997, No. 461—the "*Risparmio Gestito*" regime, see also "*—Capital gains tax*" below).

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to the imposta sostitutiva. Interest must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation and, in certain circumstances, depending on the status of the Noteholder and also to the Italian regional tax on productive activities ("**IRAP**").

Real Estate Investment Funds

As clarified by the Italian Revenue Agency through, among others, the Circular dated August 8, 2003, No. 47/E and the Circular dated February 15, 2012, No. 2/E, payments of Interest deriving from the Notes made to Italian-resident real estate collective investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of January 25, 1994, are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund provided that the Notes, together with the relevant coupons, are timely deposited with an authorized intermediary. However, a withholding or substitute tax at a rate of 20% will instead apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Subject to certain conditions, income realized by the real estate investment fund is attributed to the investor irrespective of its actual distribution and in proportion to the percentage of ownership of units on a tax transparency basis.

Funds and SICAVs

Where an Italian-resident Noteholder is an open-ended or a closed-ended collective investment fund (a "**Fund**") or a *Società di Investimento a Capitale Variabile* ("**SICAV**") established in Italy and either (i) the Fund or SICAV or (ii) their manager is subject to a form of prudential supervision by the competent regulatory authority, and the Notes are deposited with an authorized intermediary, Interest accrued on the Notes during the holding period should not be subject to the imposta sostitutiva, but must be included in the management results of the Fund or the SICAV. The Fund or the SICAV will not be subject to taxation on such management results, but a withholding or substitute tax at the rate of 20% will instead apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (as applicable).

Pension Funds

Where an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an

authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to the *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to an 11% substitute tax).

Enforcement of the Imposta Sostitutiva

Pursuant to Decree 239, the imposta sostitutiva is applied by banks, *società di intermediazione mobiliare* ("**SIM**"), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Finance (each, an "**Intermediary**").

An Intermediary must:

a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian-resident financial intermediary; and

b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident for tax purposes, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian-resident Noteholder is:

a) resident, for tax purposes, in a state or territory which allows for a satisfactory exchange of information with Italy and is included in the White List; or

b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

c) an "institutional investor", whether or not subject to tax, which is established in a state or territory which allows for a satisfactory exchange of information with Italy and is included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or certain non-Italian-resident institutional investors and must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

(i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian-resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or brokerage company (SIM), acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a not resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian-resident Noteholders is conditional upon:

(i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for "institutional investors" referred to in point (c) above.

The First Level Bank is obligated to send the above statement to the Second Level Bank within 15 days from receipt. The Second Level Bank files the data relating to the not resident Noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian tax authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian tax authorities data relating to Notes transactions carried out during the preceding month. The Italian tax authorities monitor and control such data and any discrepancies thereof.

The *imposta sostitutiva* will be applicable at a rate of 20% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied

Tax Treatment of Capital Gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to the imposta sostitutiva levied at a rate of 20%. Noteholders may set off any capital losses with their capital gains.

In respect of the application of the imposta sostitutiva, taxpayers may opt—under certain conditions—for any of the three regimes described below.

Tax declaration regime. Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian-resident individual holding the Notes during any given tax year. Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the imposta sostitutiva on such gains, together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years. Capital losses realized before January 1, 2012 may be carried forward to be offset against subsequent capital gains of the same nature realized from January 1, 2012 in an amount equal to 62.5% of the relevant capital loss.

Risparmio Amministrato Regime. As an alternative to the tax declaration regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

(i) the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries; and

(ii) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the *imposta sostitutiva* to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

Risparmio gestito regime. In the *risparmio gestito regime*, any capital gains realized by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 20% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income (and, in certain circumstances, depending on the status of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds

Any capital gains realized by a Noteholder which qualifies as an Italian real estate fund accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax, subject to certain conditions. A withholding tax may apply in certain circumstances at a rate of 20% on distributions made by Italian real estate funds.

Funds and SICAVs

Any capital gains realized by a Noteholder which qualifies as an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 20% withholding tax will apply in certain circumstances to distributions by the Italian Fund or SICAV to unitholders or shareholders (as applicable).

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 11% substitute tax.

Non-Italian Resident Noteholders

A 20% *imposta sostitutiva* on capital gains may be payable on capital gains realized on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, letter f), No. 2 of Presidential Decree no. 917 of December 22, 1986, capital gains realized by non-Italian-resident Noteholders from the sale or redemption of notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to the imposta sostitutiva, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this

Offering Memorandum, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on regulated markets, are not subject to the *imposta sostitutiva*, provided that the beneficial owner is:

a) resident, for tax purposes, of a state or territory which allows a satisfactory exchange of information with Italy and is included in the White List; or

b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

c) an "institutional investor", whether or not subject to tax, which is established in a state or territory which allows a satisfactory exchange of information with Italy and is included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth; to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see "*—Tax Treatment of Interest*").

If the above conditions are not met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 20%. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Italian-resident individuals directly holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediary) are required to report, in their Italian tax return, the year-end value of their financial assets held abroad, if the overall value of such asset exceeds €10,000.00.

Any transfer of cash, securities and any other financial assets, made from Italy to abroad, from abroad to Italy and from abroad to abroad, in connection with financial assets, including the Notes, held outside of Italy needs to be reported in the Italian tax return of the Italian-resident individual, if the overall value of the transfer affected exceeds €10,000.00.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;

b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;

c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied on the amount of the value of the inheritance or gift that exceeds €1.5 million.

With respect to notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian-resident individuals for notes issued by Italian resident companies.

Wealth Tax—Direct holding

According to Article 19 of Law Decree No. 201 of December 6, 2011 ("**Decree 201**"), Italian-resident individuals holding financial assets—including the Notes—outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax at a rate of 0.1% for 2012 and, currently, at the rate of 0.15% for subsequent years (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Duties—Holding through financial intermediary

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis at a rate of 0.15% calculated on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot be lower than €34.20 and from the year 2013 onwards, the stamp duty should not exceed €4,500 if the Notes are held by Noteholders who are not natural persons. Stamp duty applies both to Italian-resident holders of the Notes and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the Noteholders outside Italy, in which case wealth tax applies, to Italian-resident holders of the Notes only).

Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €168.00; and

b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €168.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

General—Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of principal under the Notes), it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Implementation of the EU Savings Directive in Italy

Italy has implemented the Directive (as defined under "*—EU Directive on the Taxation of Savings Income*") through Legislative Decree No. 84 of April 18, 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of the important conditions being satisfied, in the case of interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant international agreement, Italian-qualified paying agents (i.e., banks, SIMs (as defined herein), fiduciary companies and SGRs resident for tax purposes in Italy, permanent establishments in Italy of nonresident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) must report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information will be transmitted by the Italian tax authorities to the competent foreign tax authorities of the Member State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish

entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in specific cases, UCITs recognized in accordance with Directive 85/611/EEC.

Certain United States Federal Income Tax Considerations

TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) ANY SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. holder (as defined below), but does not purport to be a complete analysis of all potential tax effects and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the Code, Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service ("**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained. Although the matter is not free from doubt, the Issuer believes that the Notes are properly treated as indebtedness for U.S. federal income tax purposes and the following discussion assumes that this position is respected by the IRS.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the unearned income Medicare contribution tax, or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons liable for alternative minimum tax, U.S. holders that hold their notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to investors for cash, excluding to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation organized under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Payments of Stated Interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. holder as

ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (determined based on the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such stated interest, but may have exchange gain or loss attributable to the actual disposition of the euros so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euros that has accrued with respect to the Notes during an accrual period. The U.S. dollar value of such euro-denominated accrued stated interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual method U.S. holder may elect, however, to translate such accrued stated interest income into U.S. dollars using the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two years, using the spot rate of exchange on the last day of the portion of the accrual period within such taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. holder that has made the election described in the prior sentence may translate such interest using the spot rate of exchange on the date of receipt of the stated interest. The above election will apply to all other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss with respect to accrued stated interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (determined based on the spot rate on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss will generally constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. holders, "general category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income tax by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note. If a U.S. holder receives foreign currency on such a sale, exchange, redemption, retirement or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency based on the spot rate on the date of disposition; provided that, if a Note is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the sale or other disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder. If a U.S. holder uses foreign currency to purchase a Note, the cost of the Note will be the U.S. dollar value of the foreign currency purchase price determined at the spot rate on the date of purchase. The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. holder.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source gain or loss and, except as discussed below with respect to foreign currency gain or loss, generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Any gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of the Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss and will generally not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate on the date the U.S. holder disposes of the Note (or on the settlement date, if the Notes are then traded on an established securities market and the holder is either a cash basis U.S. holder or an electing accrual basis U.S. holder) and the U.S. dollar value of the U.S. holder's purchase price for the Note, determined at the spot rate on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, an accrual method U.S. holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "*—Payment of Stated Interest.*" However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder will realize any foreign currency exchange gain or loss (including with respect to accrued interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Exchange of Foreign Currencies

A U.S. holder will have a tax basis in any euro received as stated interest or upon the sale, exchange, redemption, retirement or other taxable disposition of a Note equal to the U.S. dollar value thereof at the spot rate of exchange in effect on the date of receipt of the euro. Any gain or loss realized by a U.S. holder on a sale or other disposition of a euro, including its exchange for U.S. dollars, will be ordinary income or loss generally not treated as interest income or expense and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of stated interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a taxpayer identification number and otherwise comply with the applicable requirements of the backup withholding rules, or to certify that it is exempt from backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax Return Disclosure Requirement

Treasury regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., $50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, in connection with an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement) as part of their U.S. federal income tax return.

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year (or such larger values as specified in such legislation) in taxable years beginning after March 18, 2010, generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at a U.S. financial institution.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated March 26, 2013 (the "**Purchase Agreement**"), by and among the Issuer, the Guarantors and BNP Paribas, as representative of the Initial Purchasers, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, Notes in the principal amounts indicated in the following table:

Initial Purchasers	Principal Amount of Notes
BNP Paribas	€140,000,000
Banca IMI S.p.A.	€ 50,000,000
MPS Capital Services S.p.A.	€ 10,000,000
Total	€200,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 120 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer or any Guarantor that are substantially similar to the Notes and Note Guarantees.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes and the Note Guarantees have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (1) outside the United States in offshore transactions in reliance on Regulation S and (2) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

In connection with the offering of the Notes, BNP Paribas (the "**Stabilizing Manager**"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The

Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

Each of the Initial Purchasers has also agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Group or the Notes in any jurisdiction where action for the purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resales of the Notes. Please see the section entitled "*Notice to Investors*" and "*Notice to Certain European Investors.*"

The Issuer and the Guarantors have agreed to indemnify each Initial Purchaser against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified as the Issue Date of this Offering Memorandum, which will be the fifth business day following the date of pricing of the Notes (such settlement being herein referred to as "T+5"). Under Rule 15(c)6-l under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own adviser.

The Initial Purchasers and their affiliates have from time to time performed certain investment banking and/or other financial services for us, our affiliates or our former affiliates for which they received customary fees and reimbursement of expenses. Banca Nazionale del Lavoro S.p.A., an affiliate of BNP Paribas, is a lender to the Group. Intesa Sanpaolo S.p.A., an affiliate of Banca IMI S.p.A. which is acting as joint lead bookrunner in connection with the Offering of the Notes, is currently a lender to the Group and a portion of the proceeds of the Notes will be applied to repay and cancel the Intesa Senior Term Facilities and other indebtedness extended by affiliates of Intesa Sanpaolo S.p.A. In addition, Intesa Sanpaolo S.p.A., acting through its Bergamo Branch, will be the lender under the Revolving Credit Facility. MPS Capital Services S.p.A., which is acting as Initial Purchaser in connection with the Offering of the Notes, is a company controlled by Banca Monte dei Paschi di Siena S.p.A., the holding company of MPS Banking Group. MPS Banking Group, acting through its affiliates, is currently a lender to the Group and in the ordinary course of its business has provided, and may in the future provide, financing to the Group.

BNP Paribas and Banca IMI S.p.A. are acting as Joint Lead Bookrunners in connection with the Offering of the Notes. The registered address of BNP Paribas is 10 Harewood Avenue, London NW1 6AA, United Kingdom. The registered address of Banca IMI S.p.A. is Largo Mattioli, 3, 20121 Milan, Italy.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

United States

The Notes and the Note Guarantees have not been registered under the U.S. Securities Act or the securities laws of any other jurisdiction, and, unless so registered, the Notes and the Note Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers", commonly referred to as "QIBs", in compliance with Rule 144A under the U.S. Securities Act; and
- in offers and sales that occur outside the United States in accordance with Regulation S under the U.S. Securities Act.

The Issuer uses the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

If you purchase Notes, you will be deemed by your acceptance thereof to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes and the Note Guarantees have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not the Issuer's "**affiliate**" (as defined in Rule 144 under the U.S. Securities Act), you are not acting on its behalf and you are either:

   (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

   (b) you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Guarantors or the Initial Purchasers or any person representing any of them has made any representation to you with respect to the Issuer or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning the Issuer and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any other securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act.

(5) In the case of any Rule 144A Notes, you agree on your own behalf and on behalf of any investor account for which you are purchasing the Rule 144A Notes, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is one year after the

later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable securities laws, and any applicable local laws and regulations, and further subject to the our and the Trustee's rights prior to any such offer, sale or transfer (a) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (b) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED NOTES THAT ANY OFFER, SALE OR TRANSFER OF THIS NOTE IN THE CASE OF RULE 144A NOTES: PRIOR TO THE DATE (THE RESALE RESTRICTION TERMINATION DATE) WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) MUST BE MADE ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM

AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THE FAILURE TO PROVIDE THE COMPANY, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THE NOTES REPRESENTED BY THIS CERTIFICATE."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.

(7) You acknowledge that:

(a) the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements on behalf of such investor account.

(8) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(9) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

LEGAL MATTERS

The validity of the Notes, the Note Guarantees and certain other legal matters are being passed upon for the Issuer by Latham & Watkins LLP with respect to matters of U.S. federal and New York state law, by Negri-Clementi Studio Legale Associato with respect to matters of Italian law, by Pirola Pennuto Zei & Associati with respect to matters of Italian taxation law and by Bonn Steichen & Partners with respect to matters of Luxembourg law. Certain legal matters will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP with respect to matters of U.S. federal and New York state law and by Gianni, Origoni, Grippo, Cappelli & Partners with respect to matters of Italian law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Parent Guarantor and its subsidiaries as of and for the year ended December 31 2012, included in this Offering Memorandum, have been prepared in accordance with IFRS and have been audited by Ernst & Young Luxembourg S.A. whose independent auditors' report appears elsewhere herein.

The consolidated financial statements of IVS Group Holding and its subsidiaries as of and for the years ended December 31, 2011 and 2010, included in this Offering Memorandum, have been prepared in accordance with IFRS and have been audited by Reconta Ernst & Young S.p.A., whose independent auditors' report appears elsewhere herein.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuer and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Note Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either the Issuer or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to Mr. Marco Gallarati, Investor Relations of the Issuer at fax, +39 035301695.

Upon request, the Issuer will provide you with copies of the Indenture, the form of the Notes and Note Guarantees and any security documents. You may request copies of such document by contacting Mr. Marco Gallarati, Investor Relations of the Issuer at fax, +39 035301695 or investor.relations@ivsitalia.com.

The Parent Guarantor makes publicly available in accordance with Luxembourg law and posts on our website (*www.ivsgroup.lu*): (i) an annual report containing audited consolidated financial statements for each year, no later than April 30 of the following year; (ii) an interim report containing consolidated financial statements that are subject to a limited review not constituting an audit by external auditors for the first six months of year, no later than August 31 of that year; and (iii) quarterly selected unaudited financial data for the first and third quarter of every year, no later than 60 days after the end of such quarter. We also furnish certain information to Borsa Italiana S.p.A. which is responsible for managing and overseeing the Italian Stock Exchange.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Reports*."

So long as the Notes are listed of the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and the rules and regulations of the Luxembourg Stock Exchange so require, we will make available the notices to the public in a leading newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, *www.bourse.lu*, or in written form at places indicated by announcement, to be so published as previously mentioned, or by any other means considered equivalent by the Luxembourg Stock Exchange.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Each of the Issuer and the Subsidiary Guarantors is a joint stock company (*società per azioni* or *S.p.A.*) organized under the laws of the Republic of Italy. The Parent Guarantor is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, consequently service of process at its registered address in Luxembourg will always be possible.

Service of Process

None of the directors, officers and other executives of the Issuer and the Guarantors are residents or citizens of the United States. Furthermore, significantly all of the assets of the Issuer and the Guarantors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Guarantors or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer and each of the Guarantors has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Italy or Luxembourg upon those persons or the Issuer or the Guarantors or over other subsidiaries of the Parent Guarantor *provided that* The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

Enforcement of Judgments in Italy

The Notes offered hereby are governed by New York law. However, the Issuer's creation and issuance of the Notes (i.e. its corporate resolutions) is governed by Italian law.

We has been advised by Negri-Clementi Studio Legale Associato, our Italian counsel, that final, enforceable and conclusive judgments rendered by U.S. courts, even if obtained by default, may not require retrial and will be enforceable in Italy, *provided that* pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*) the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of default by the defendant, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy.

In addition, we have also been advised by our Italian counsel, Negri-Clementi Studio Legale Associato, that if an original action is brought before an Italian court, the court may refuse to apply the U.S. law provisions or grant some of the remedies sought (*e.g.*, punitive damages) if their application violates Italian public policy and mandatory provisions of Italian law.

Enforcement of Judgments in Luxembourg

The Note and Note Guarantees are subject to New York law and to the jurisdiction of the courts of the City of New York. According to Luxembourg case law, a judgment rendered in respect of the Note Guarantees by a court of competent jurisdiction in the State, county and/or city of New York would be recognized and enforced by a Luxembourg court, without reconsideration of the merits, subject to the following conditions:

- the judgment of the foreign court must be enforceable (*exécutoire*) in the country in which it was rendered;

- the foreign court must have had jurisdiction according to the Luxembourg conflict of jurisdiction rules;
- the foreign court must have applied to the matter submitted to it the proper law designated by the Luxembourg conflict of laws rules (although some first instance decisions rendered in Luxembourg– which have not been confirmed by the Court of Appeal –no longer apply this condition);
- the judgment of the foreign court must not have been obtained by fraud, and must have been obtained in compliance with procedural rules of the country in which it was rendered and in particular the rights of the defendant; and
- the judgment of the foreign court must not be contrary to Luxembourg international public policy.

The enforcement in Luxembourg of a judgment rendered in respect of the Note or Note Guarantees by a court of competent jurisdiction in the State, county and/or City of New York will be subject to the rules of civil and commercial procedure as applied by the courts of Luxembourg.

Furthermore, the terms "enforceable" as used above is subject to all limitations by reason of liquidation, bankruptcy, insolvency, moratorium, controlled management, general settlement with creditors, reorganization or similar laws affecting the rights of creditors of the Issuer generally.

A foreign jurisdiction clause does not prevent the parties from initiating legal action before Luxembourg courts to the extent that summary proceedings (*référé*) seeking conservatory or urgent provisional measures are concerned.

Finally, notwithstanding a foreign jurisdiction clause, Luxembourg courts would have in principle jurisdiction for any conservatory or provisional action in connection with assets located in Luxembourg and such action would most likely be governed by Luxembourg law.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTE GUARANTEES AND SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Note Guarantees and the security interests and a summary of certain insolvency law considerations in Italy and Luxembourg, the jurisdictions where the Issuer and Guarantors are organized. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Note Guarantees and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and the Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings, as amended (the "**EU Insolvency Regulation**"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a "debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "centre of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation. If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as

to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Luxembourg

Certain Luxembourg security interests considerations

According to Luxembourg conflict of law rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets. As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, bank accounts held with a Luxembourg bank, receivables or claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc.

If there are assets located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, as amended (the "**Financial Collateral Law**") governs the creation, validity, perfection and enforcement of pledges over shares, bank accounts and receivables located or deemed to be located in Luxembourg.

Under the Financial Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements. A share pledge agreement must be (i) acknowledged and accepted by the company which has issued the shares (subject to the security interest) and (ii) registered in the shareholders' register of such company. If future shares are pledged, the perfection of such pledge will require additional registration in the shareholders' register of such company. A pledge over receivables becomes enforceable against the debtor of the receivables and third parties from the moment when the agreement pursuant to which the pledge was created is entered into between the pledgor and the pledgee.

However, if the debtor has not been notified of the pledge or if he did not otherwise acquire knowledge of the pledge, he will be validly discharged if he pays the pledgor. A bank account pledge agreement must be notified to and accepted by the account bank. In addition, the account bank has to waive any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, the perfection of such pledge will require additional notification to, acceptance and waiver by the account bank. Until such registrations, notifications and acceptances occur, the pledge agreements are not effective and perfected against the debtors, the account banks and other third parties.

Article 11 of the Financial Collateral Law sets forth the following enforcement remedies available upon the occurrence of an enforcement event:

- direct appropriation of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets;
- sale of the pledged assets (i) in a private transaction at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange or (iii) by way of a public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Financial Collateral Law does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Foreign law-governed security interests and the powers of any receivers or administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Security interests or arrangements, which are not expressly recognized under Luxembourg law and the powers of any receivers or administrators might not be recognized or enforced by the Luxembourg courts, in particular where the Luxembourg security grantor becomes subject to Luxembourg insolvency proceedings or where the

Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if "**main insolvency proceedings**" (as defined in the EU Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the EU Insolvency Regulation applies, and in accordance of Article 5 of the EU Insolvency Regulation.

The perfection of the security interests created pursuant to the pledge agreements does not prevent any third-party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor.

Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to priority over the proceeds of such sale (subject to preferred rights by operation of law).

Registration in Luxembourg

If the agreements entered into in connection with the transaction or the Notes were produced in proceedings before a Luxembourg court or before another Luxembourg public authority (*autorité constituée*), such court or authority may require that all or part of the agreements or the Notes, or any of the documents or agreements referred to therein, be translated into French or German and order the registration of the agreements and the Notes and any such documents referred to therein in which case a registration duty of a fixed or *ad valorem* rate depending on the nature of the document to be registered will be payable.

Certain Luxembourg insolvency law considerations

The Parent Guarantor is incorporated under the laws of Luxembourg, may be subject to Luxembourg insolvency law without prejudice to Italian insolvency laws as per Council Regulation (EC) No. 1346/2000 of May 28, 200 on insolvency proceedings, as amended. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. See also "*Risk Factors—Risks Related to Our Capital Structure—The central administration of the Parent Guarantor may be considered as not being in Luxembourg.*"

The following is a brief description of certain aspects of Luxembourg insolvency laws. However, in the event that the Parent Guarantor experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Under Luxembourg law, the following types of proceedings (collectively referred to as "**insolvency proceedings**") may be opened against a company with registered office in Luxembourg having its centre of main interests in Luxembourg or an establishment in Luxembourg within the meaning of the EU Insolvency Regulation (in relation to secondary proceedings):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the Parent Guarantor : (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may open bankruptcy proceedings *ex officio* (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a court may order a provisional suspension of payments, including a stay of enforcement of claims by secured creditors. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings; or
- composition proceedings (*concordat préventif de faillite*), the opening of which may only be requested by the company (subject to obtaining the prior consent of the majority of its creditors holding 75% at least

of the claims against such company) and not by its creditors themselves. The court's decision to admit a company to composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these insolvency proceedings, your ability to receive payment on the relevant Notes may be affected by a decision of a court to grant a reprieve from payments (*sursis de paiement*) or to put the Parent Guarantor into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity that violates criminal laws or that are in serious breach or violation of the commercial code or of the Luxembourg law dated August 10, 1915 on commercial companies, as amended. The management of such liquidation proceedings will generally follow rules similar to those applicable to bankruptcy proceedings. Liability of the Parent Guarantor in respect of the relevant Notes will, in the event of a liquidation of the company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- VAT and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized), and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

Luxembourg insolvency laws may affect transactions entered into or payments made by the Parent Guarantor during the period before bankruptcy, the "suspect period" (*periode suspecte*), which is a maximum of six months from the date on which the Commercial Court formally adjudicates a person bankrupt and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency proceeding (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law.

In particular:

- pursuant to Article 445 of the Luxembourg Code of Commerce (*code de commerce*), specified transactions (such as the granting of a security interest for antecedent debts; the payment of debts that have not fallen due; whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts that have fallen due by any means other than in cash or by a bill of exchange; or the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to Article 446 of the Luxembourg Code of Commerce (*code de commerce*), payments made for matured debts as well as other transactions concluded during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments;
- regardless of the suspect period, Article 448 of the Luxembourg Code of Commerce (*code de commerce*) and Article 1167 of the Civil Code (*action paulienne*) give any creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy; and
- pursuant to Article 21(2) of the Financial Collateral Law, a financial collateral arrangement entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures is valid and binding against third parties, administrators, insolvency receivers or liquidators notwithstanding the suspect period referred to in Articles 445 and 446 of the Luxembourg Code of Commerce (*code de commerce*), if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate. Insolvency proceedings may therefore have a material adverse effect on a Luxembourg company's business and assets and the Parent Guarantor 's obligations under the Notes.

The bankruptcy receiver decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu personae* contracts (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party that are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. The counterparty to that agreement may make a claim for damages in the bankruptcy and such claim will rank pari passu with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

International aspects of Luxembourg bankruptcy, controlled management or voluntary arrangement with creditors' proceedings may be subject to the EU Insolvency Regulation, as set out under heading "*—European Union*" above.

Italy

Limitation on granting of guarantees and on enforcement under Italian law

The obligations under a guarantee provided by a guarantor incorporated under the Italian law (each an "**Italian Guarantor**") are subject to compliance with Italian rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions.

An Italian company granting a guarantee must receive a real and adequate benefit in exchange for the guarantee. While the existence of a corporate benefit in relation to a down-stream guarantee is usually self-evident, the existence of a corporate benefit in relation to a cross-stream or up-stream guarantee should be carefully considered on a case by case basis (such as in the case of Subsidiary Guarantors which are providing the Note Guarantees in connection with the Notes offered hereby).

The concept of "corporate benefit" is not expressly defined under Italian law and its existence is purely a business decision of the directors. The general rule is that the risk taken by the Italian Guarantor must not be disproportionate to the economic benefit to the Italian Guarantor. Examples of real and adequate benefits in relation to cross-stream or up-stream guarantees include access to cash flow in the form of intercompany loans granted to the Italian Guarantor by other members of the group.

In principle, absence of a real and adequate benefit could make the Note Guarantees or the collateral *ultra vires* and potentially affected by conflict of interest.

As a result, civil liabilities may be imposed on the directors of an Italian Guarantor if it is assessed that they did not act in the best interest of such Italian Guarantor and that the acts they carried out do not fall within the corporate purpose of the relevant Italian Guarantor. Furthermore, criminal sanctions may apply to the directors under Article 2634 of the Italian Civil Code, if violation of paragraph 5 of Article 2358 of the Italian Civil Code is found to have occurred (related to a granting of a guarantee utilized for the purchase of its own shares). The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian Guarantor or having knowingly received an advantage or profit from such improper control. However, no liability can be

attributed where no prejudice or actual damage is suffered by the Guarantor because of the determination of the controlling shareholder as provided under Article 2497 of the Italian Civil Code having regard to the overall result of the controlling activity. Moreover, the Note Guarantees could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party involved in the transaction and such third party acted intentionally against the interest of such Italian Guarantor.

As to corporate authorizations prospective, the granting of a guarantee or collateral by an Italian company in favor of third parties or other corporations belonging to the same group of companies of the Guarantor must be permitted by the by-laws (*statuto*) of the Italian company providing such guarantee.

A corporation is forbidden from providing financing and/or releasing guarantees in relation to the acquisition of its own shares as it would result in unlawful financial assistance within the meaning of Article 2358 of the Italian Civil Code (and the corresponding provision applicable to Italian limited liability companies, as set out under Article 2474 of the Italian Civil Code) pursuant to which, subject to specific exceptions, it is unlawful for a company to provide financial assistance (whether by means of loans, collateral, guarantees or otherwise) for the acquisition of its own shares by a third party (or, under certain circumstances, the acquisition of the shares of its, direct or indirect, holding company).

Financial assistance for the refinancing of indebtedness originally incurred for the purchase or subscription of its own shares or those of its direct or indirect holding company may also be construed as a violation. In addition, directors may be personally liable for failure to act in the best interests of the company.

In the light of the above, in no event shall the obligations and liabilities of an Italian Guarantor under a guarantee include the obligation to guarantee financial indebtedness which was incurred, in full or in part, to purchase the shares of such Italian Guarantor and which would therefore constitute the provision of financial assistance within the meaning of Article 2358 and/or Article 2474, as the case may be, of the Italian Civil Code and/or any other law or regulation having the same effect, as interpreted by Italian courts.

If the proceeds of the Notes were to be used for the acquisition of shares in the Subsidiary Guarantors (the entities which, among others, provided the Note Guarantees), this may be construed as a violation of Article 2474 and/or Article 2358 of the Italian Civil Code whereas, in the latter case, an authorization proceeding in the shareholders' meeting is not implemented. To this extent the total value of the guarantee cannot exceed the profits and the distributable reserves as resulting from the approved financial statements.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of the Legislative Decree No. 385 of September 1, 1993 (the "**Italian Banking Act**"), whose exercise is exclusively demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, *inter alia*, entail the Note Guarantees being considered null and void. However, in the framework of a wider reorganization of financial intermediary services in Italy and while waiting for implementing regulations of the recently amended Article 106 of the Italian Banking Act, the Legislative Decree No. 141 of August 13, 2010 states that the issuance of guarantees by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group" includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies, which are under the control of the same entity. As a result of the above described rules, subject to the Italian Guarantor and the guaranteed entity being part of the same group of companies, the provision of the Note Guarantees would not amount to a restricted financial activity.

Under Article 2744 of the Italian Civil Code any agreement is considered void which provides that on failing to pay a secured debt the ownership of the pledged asset will be transferred to the creditor.

In addition, under Article 1938 of the Italian Civil Code, if a personal guarantee is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). It has been held, that such determination must be proportionate to the relevant guarantor's assets. It is uncertain, however, whether courts are entitled to debate and to rule over such determination.

Limitation on granting of security interests and on enforcement under Italian law

The Collateral is governed by Italian law and consists of a pledge of the receivables under a proceeds loan made by the Issuer, as lender and IVS Italia, as borrower, as well as pledges over the corporate capital of the Issuer and the corporate capital of each of the Subsidiary Guarantors held by the Parent Guarantor.

The secured creditors under the Collateral are the holders of the Notes from time to time and The Law Debenture Trust Corporation p.l.c. (in its capacity as the Trustee of the Notes).

It must be noted that a secured creditor (this being a creditor whose credit repayment is secured by a pledge or other in rem collateral) under Italian Law, will receive preferential payment out of pre -insolvency (unless a different agreement is reached) and in court insolvency proceeding. However, an automatic stay is provided in such a way that secured creditors are prevented from enforcing their guarantees starting from the date of publication of the court declaration of insolvency.

It is uncertain and untested in the Italian courts whether under Italian law a security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of The Law Debenture Trust Corporation p.l.c. as the Trustee of the Notes since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

The Trustee will act also as legal representative (*mandatario con rappresentanza*) and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. However, please note that the enforceability of Italian law security granted in favor of a trustee acting as legal representative (*mandatario con rappresentenza*) and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code has not been tested in the Italian courts and, therefore, the risk of unenforceability by the holders of the Notes of the Italian security documents posed by Italian law cannot be eliminated or mitigated.

The Subsidiary Guarantors are acting as Guarantors in connection with the Notes offered hereby and each is incorporated under the laws of Italy. Each Subsidiary Guarantor has its "centre of main interests" (as defined in the "EU Insolvency Regulation" in Italy. As a result, in the event of the insolvency or financial distress of any Subsidiary Guarantor, insolvency, reorganization and restructuring proceedings will be initiated in Italy.

Certain Italian insolvency law considerations

The insolvency laws of Italy may not be as favorable to your interests as creditors in other jurisdictions with which you may be familiar. In general, Italian creditors' rights and insolvency laws are generally considered to be more favorable to debtors and to the trustee in bankruptcy ("*curatore*") proceeding than the regimes of certain other jurisdictions. In Italy, the courts play a central role in the insolvency judicial proceedings.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where public companies are involved.

Under the Royal Decree No. 267 of 16 March 1942 (the main Italian bankruptcy legislation), as reformed from time to time (and, in particular, by Law 134/2012 entered into force on 11 September 2012) and currently in force, (the "**Italian Bankruptcy Law**") bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a company meeting certain requirements. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary, status, in order for a court to hold that a company is insolvent.

Only corporations whose indebtedness and assets values exceed certain thresholds are subjected to bankruptcy proceeding (as further indicated). In addition to the above, the following pre-insolvency proceedings are currently available under Italian law for companies facing financial difficulties or temporary cash flow shortfall and, in general, financial distress.

Italian Bankruptcy Law provides for three models of pre-insolvency proceedings, namely: (1) *concordato preventivo* ("**CP**"), (2) debt restructuring agreements (*accordi di ristrutturazione dei debiti*) ("**DRA**") and (3) certified restructuring plans (*piani attestati di risanamento*) ("**CRP**"); however, it should be noted that only the CP is listed in Annex A to the EU Insolvency Regulation. Restructuring plans may cover up to a five-year period.

It should be noted that all of the above mentioned pre-insolvency proceedings often require creditors to compromise on their right to be fully satisfied. The debtor may offer to creditors (with the exclusion of secured creditors in the CP proceeding) partial settlement of their claims.

Restructuring outside of a judicial process (concordati stragiudiziali) and certified restructuring plans (piani attestati di risanamento)

Restructuring generally takes place through a formal judicial process because it is more favorable to the debtor and because out-of-court arrangements put in place as a result of an out-of-court restructuring (other than those put in place under the safe harbor of an out-of-court reorganization CRP pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law, which exempts—provided all actions indicated in the plan are fully implemented—debt restructuring agreements with creditors and court supervised pre-bankruptcy arrangement with creditors from insolvency claw-back and the exemption from certain criminal law provisions on bankruptcy with reference to those transactions executed as part of the CRP) are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger civil or criminal liabilities in the event of a subsequent bankruptcy.

Out-of-court CRPs (*piani attestati di risanamento*) are filed by companies for the sake of restructuring of their indebtedness and ensuring the recovery of their financial condition, the feasibility of which, together with the truthfulness of debtor's business (and accounting) data, must be assessed by an independent expert directly appointed by the debtor. The expert can only be selected and appointed among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar), and meeting the requirements under Article 2399 of the Italian Civil Code. The expert may subject to liability in case of misrepresentation or false certification.

CRP are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or other supervising authority. CRP do not require to be approved and consented by a specific majority of all outstanding claims. Following a restructuring plan, there is no entrustment of business to another entity, therefore the debtor remains entitled to manage its business. Upon request of the debtor, a CRP can be published in the relevant companies' register. In such case creditors would benefit from a reduction in debtor tax liability.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti)

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the outstanding company's debts must be ratified ("*omologati*") by a court. An independent expert, directly appointed by the debtor, must assess—in addition to the truthfulness of the debtor's business data—that the agreement is feasible and, in particular, that it ensures that the non-participating creditors can be fully satisfied within 120 day term from (i) the ratification ("*omologazione*") of the DRA by the court if the relevant claims are already due and payable or (ii) from the expiry date if the relevant claims are not due and payable as of the date of the sanction of the restructuring agreement by the court. Only a debtor who is in a situation of "financial distress" (i.e., facing financial distress which does not yet amount to insolvency) can initiate such process and request the court's confirmation ("*omologazione*") of the DRA, which must be entered into with creditors representing not less than 60% of the company's debts.

The DRA, which may consist of separate agreements reached with each creditor, must be published in the Italian companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor in relation to pre-existing claims and cannot obtain any new and additional security interest in relation to the pre-existing debts, overdue prior to the DRA formation. Such moratorium can be requested, pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law, by the debtor to the court pending negotiations with creditors (prior to the DRA's execution and publication) subject to the fulfillment of certain conditions. The application for a moratorium must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the

completeness of the documentation, sets the date for the hearing within 30 days from the filing of the request and orders the company to file the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders, that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which such order has to be published in the companies' register and it sets the deadline to finalize the DRA. The court's order may be challenged within 15 days of its publication.

A DRA may also contain a proposed tax settlement for the partial or deferred payment of certain taxes overdue, as provided in Article 182-*ter* of the Italian Bankruptcy Law.

Pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the sanctioning of the agreement pursuant to Article 182-*bis*, Paragraph 1, or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, (in relation to the court supervised pre-bankruptcy arrangement with creditors procedure described below) may authorize the debtor, if so expressly requested: (i) to incur in new super senior indebtedness and to secure such indebtedness with in rem securities ("*garanzie reali*"), provided that the expert appointed by the debtor declares that the new financing aims at providing a better satisfaction of the creditors, and (ii) to pay pre-existing debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payments are essential for the company to operate. This possibility may be available to the applicant whereas its business activity is kept as a going concern.

It should be specified that the provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both DRA and to CP. Creditors and other interested parties may oppose the DRA within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the DRA by issuing a decree, which may be appealed within 15 days of its publication

Court supervised pre-bankruptcy arrangement with creditors (concordato preventivo)

In general, pursuant to Article 1 of Italian Bankruptcy Law, corporations are submitted to CP provisions and/or to bankruptcy where any of the following thresholds are exceeded (i) assets (*attivo patrimoniale)* in an aggregate amount exceeding €0.3 million in each of the three preceding fiscal years, (ii) gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years or (iii) total indebtedness (including debt not overdue and payable) in excess of €0.5 million.

A company, which is a situation of "financial distress and/or crisis" that has not been declared insolvent by the court, has the option to seek an arrangement with its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceeding.

Only the debtor company can file a petition at court for a CP which must be accompanied and supported by a restructuring plan proposed to the creditors and an independent expert report assessing, *inter alia*, the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is grounded. Following the filing of the petition with the court, the petition is published by the court in the companies' register. The debtor may file a preliminary petition for a CP along with its financial statements from the previous three years in order to ask the court to set a deadline for the filing of all relevant documentation, as outlined above. The court may then set a deadline of between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds ("*giustificati motivi*") for such extension. In advance to such deadline, the debtor, as an alternative, may also file a petition for the approval of DRA (pursuant to Article 182-*bis* of the Italian Bankruptcy Law as described above). Between the publishing in the companies' register of the CP proposal and its sanction by the court, all enforcement actions by the creditors (whose title to enforcement arose before filing with the court) are stayed. In addition, during this time, pre-existing creditors cannot obtain security interests (unless authorized by the court) and the mortgages registered within 90 days preceding the date on which the petition for the CP is published in the Italian companies' register are ineffective against such pre-existing creditors. In addition, the arrangement proposal may provide for, *inter alia*: (i) the restructuring of debts and the satisfaction of creditors' claims, in any manner, including by way of example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities; (ii) the transfer to a receiver (*assuntore*) of the operations of the business involved in the proposed arrangement agreement; (iii) the placing of creditors into different classes

(thereby proposing different treatments among the classes); and (iv) different treatments for creditors belonging to different classes.

The arrangement proposal may provide that: (i) the debtor's company's business continues to be run by the debtor company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated. In both cases, the petition for the CP should fully describe the costs and revenues which are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conductive to the satisfaction of creditors' claim to a greater extent than if such arrangement proposal was not implemented. Furthermore the going concern-based arrangement with creditors can provide also the winding-up of those assets which are not functional to the business. The arrangement agreement may also provide a proposed tax settlement for the partial or deferred payment of certain taxes.

The court determines whether the proposal for the arrangement is admissible, in which case the court, inter alia, delegates a judge (*giudice delegato*) to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditor meeting. During the implementation of the arrangement, the company is managed by its corporate bodies (usually its board of directors) under the supervision of such judicial officer(s) and under the supervision of a judge delegated by the court the debtor is allowed to carry out urgent extraordinary transactions, only upon the prior court's authorization, while ordinary transactions may be carried out without authorizations. Third party claims, related to the interim acts legally carried out by the debtor, are super-senior pursuant to Article 111 of the Italian Bankruptcy Law.

The CP proposal is voted on at a creditors' meeting and must be approved with the favorable vote of creditors representing the majority of credits entitled to vote. If the proposal provides for different classes of creditors, the approval of the plan also requires the favorable vote of creditors representing the majority of credits admitted to within each class and the approval of the majority of such class. Secured creditors do not generally vote on the proposal of CP as they carry preferential claims, which must be fully satisfied. Secured creditors may vote if they waive their security or if the CP provides that, based on an independent expert appraisal on the value of the secured assets, they will not be fully satisfied (in which case they can vote only in respect of the part of the debt affected by the proposal).

The court may also approve the CP (notwithstanding the circumstance that one or more classes objected to the CP) if (i) the majority of the classes has approved the CP and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through the CP compared to other solutions known as a "cram down." If the proposal does not provide for classes of creditors and if any objection to the implementation of the CP is filed by at least 20% of the creditors entitled to vote, the court nevertheless confirms the CP if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the CP than would be otherwise be the case.

After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the CP proposal by issuing a confirmation order.

If the approval of the CP fails, the court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

A request to declare a debtor bankrupt and to commence a bankruptcy proceeding (fallimento) for the judicial liquidation of its assets can be filed by the same debtor, any number of creditors and, in some cases, by the public prosecutor. The bankruptcy is declared by the competent bankruptcy court.

Upon the commencement of a bankruptcy proceeding:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt entity's other unsecured debt. Subject to certain exceptions, the *in rem* secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the timing in its decision;
- the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver; and

- any act of disposition or transaction (including payments) made by the debtor after a declaration of bankruptcy, other than those made through the receiver, is ineffective. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are governed by specific rules provided for by Italian Bankruptcy Law.

The bankruptcy proceeding is carried out and supervised by a court appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate properties. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and including the costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Unsecured creditors are therefore satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

The following features of bankruptcy proceedings also merit mention:

- **Bankruptcy arrangement with creditors (*concordato fallimentare*)**. A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy arrangement proposal with creditors. The relevant petition can be filed by one or more creditors or third parties starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before two years from the decree granting effectiveness to the bankruptcy's estate. The petition may provide for the placing of creditors into different classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide the possibility that secured claims are paid only in part. The concordato fallimentare proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Final court confirmation is also required.

- **Statutory priorities**. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other European Union jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid, including the costs related to the receiver's running of the company during the proceedings) are the claims of preferential creditors including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The claims of secured creditors have priority, subject to certain claims preferred by operation of law, on the proceeds deriving from the liquidation of the secured assets, net of administrative and maintenance costs incurred during the proceedings by the receiver to preserve the value of the secured assets. To the extent the proceeds of the sale of the secured assets are not sufficient to fully satisfy the secured claim, the latter will participate with the unsecured creditors in the distribution of the proceeds of the disposal of the remaining assets. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles.

The law sets a hierarchy of claims that must be strictly adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate a part thereof, or from a single asset.

- **Avoidance powers in insolvency**. Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian Bankruptcy Law that may give rise, inter alia, to the revocation of payments or granting of security interests or other transactions made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, transactions made with a view to defraud creditors or to advantage one creditor. Bankruptcy claw-back rules under Italian law are normally considered to be particularly favorable to the receiver compared to the rules applicable in other jurisdictions, which you may be familiar with. In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months under certain circumstances) and a two year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions, which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/ court commissioner:

Acts and transactions that may be avoided at the bankruptcy receiver's request. These can include the following:

- The following acts and transactions, if made during the relevant period as specified below, may be avoided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:
- transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;
- payments of debts, due and payable, made by the bankrupt entity which were not paid in cash or by other customary means of payment in the year before the insolvency declaration;
- pledges and voluntary mortgages granted by the bankrupt entity in the year before the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
- pledges and judicial and/or voluntary mortgages granted by the bankrupt entity in the six months before the insolvency declaration in order to secure mature debts.

The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves (also by way of presumptions) that the other party knew that the bankrupt entity was insolvent:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months before the insolvency declaration; and
- deeds granting pre-emptive rights in favor of debts (even those of third parties) which are simultaneously created and made within six months before the insolvency declaration.

The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business according to market practice;
- a remittance on a bank account, provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;
- the sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main place of business of the purchaser and the purchaser has already commenced its business activity in the relevant premises or made investments to that end, as of the date of which the bankruptcy is declared;
- transactions entered into, payments made and guarantees issued with respect to the bankrupt entity's goods, provided that they concern the implementation of CRP which allows for the restructuring of the debt and for the improvement of its financial position, provided that such plan is certified as reasonable by an expert eligible to be appointed as a bankruptcy receiver, as provided by Article 28, let. a) and b) and 67, paragraph 3, letter d) of the Italian Bankruptcy Law, registered in the accounting auditors' register, independent possessing the requisites under Article 2399 of the Italian Civil Code,
- a transaction entered into, payments made or guarantees issued on debtor assets to implement a CP or a DRA;
- a transaction entered into, payments made or guarantees issued, lawfully, after the filing of a petition for admission to a CP proceeding pursuant to Article 161 of the Italian Bankruptcy Law;
- remuneration payments to the bankrupt entity's employees concerning work carried out by them; and
- payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to CP procedure.

In addition, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the Italian Civil Code ordinary claw-back period of five years *(revocatoria ordinaria*).

Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). Burden of proof is entirely with the receiver.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

This is an extraordinary administration procedure available under Italian law for large industrial and commercial enterprises (commonly referred to as the "**Prodi-bis procedure**"). The same rules set forth for bankruptcy proceeding with respect to creditors' claims largely apply to an extraordinary administration proceeding as well as the hierarchy of claims to be adhered to in distributing any available asset. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company business activity.

To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. The procedure may be commenced by petition of one or more creditors, the debtor, the public prosecutor or upon the competent court's own initiative.

There are two main phases within the Prodi- bis procedure: an administrative phase and a judicial phase.

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints a judicial receiver (or up to three) (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submits a report to the court (within 30 days from insolvency declaration) together with an opinion from the Italian Ministry of Economic Development (the "**Ministry**").

The court has 30 days to decide whether to admit the company to the Prodi- bis procedure or declare it bankrupt.

Assuming that the company is admitted to the extraordinary administration procedure, the judicial phase begins and the extraordinary commissioner(s), appointed by the Ministry, prepare a restructuring plan. The plan can provide for either the sale of the business as a going concern within 1 year (unless extended by the Ministry) (the "**Disposal Plan**") or a turnaround leading to the company's economic and financial recovery within 2 years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include an arrangement with creditors (e.g. debt for equity swap, issue of shares in a new company to whom the assets of the Company have been transferred).

The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s).The procedure ends upon successful completion of either a Disposal Plan or Recovery Plan, however should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Following the insolvency of the Parmalat Group, new extraordinary administration proceedings have been enacted (Law Decree No. 347 of 23 December 2003, as converted into Law No. 39 of 2004 and subsequently amended). This is a new extraordinary administration procedure introduced in 2003, known as the "**Marzano procedure**." It is complementary to the Prodi-bis procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the Prodi-bis procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt

(including those from outstanding guarantees). The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) submits a Disposal Plan or Recovery Plan within 180 days from his appointment (or 270 days if the Ministry so agrees). The restructuring through the Disposal Plan or the Recovery Plan must be fully implemented within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and start bankruptcy proceedings.

In light of the financial difficulties faced by Alitalia S.p.A., in 2008 the Italian government enacted an amendment to Law No. 39 of 2004 to address Alitalia's situation. The reform at hand introduced certain specific provisions applying to large companies carrying out services considered essential to the public.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, in accordance with the rules and regulations of the Luxembourg Stock Exchange.

Luxembourg Listing Information

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents in English may be obtained free of charge at the offices of the Luxembourg Listing Agent during normal business hours on any weekday (excluding holidays):

- the articles of association of the Issuer, Parent Guarantor (the Parent Guarantor's articles of incorporation may also be inspected at the Luxembourg Trade and Companies Register during normal business hours) and the documents of incorporation of the Subsidiary Guarantors;
- the financial statements included in this Offering Memorandum;
- audited annual financial statements or accounts of the Parent Guarantor and unaudited interim financial statements or accounts of the Parent Guarantor as of and for the three months ended March 31, June 30 and September 30 of each year;
- any annual and interim financial statements or accounts of the Issuer and IVS Italia, to the extent available;
- the Indenture (which includes provisions related to the Note Guarantees and the appointment of the Trustee);
- the organizational documents of the Issuer and Guarantors;
- the Security Documents; and
- any Pari Passu Intercreditor Agreement (if applicable).

It is expected that the approval (visa) in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF Market will be granted by the Luxembourg Stock Exchange promptly after the issuance of the Notes.

The Issuer has The Bank of New York Mellon (Luxembourg) S.A. as Registrar and Luxembourg Listing Agent and The Bank of New York Mellon, London Branch as Paying Agent and Transfer Agent and BNP Paribas Securities Services as Security Agent. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and, if so required by the internal rules and regulations of the Luxembourg Stock Exchange, will publish a notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) or by any other means considered equivalent by the Luxembourg Stock Exchange.

Each of the Issuer and Guarantors accepts responsibility for the information contained in this Offering Memorandum. To the Issuer's and Guarantors' best knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A in this Offering have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 091144140 and 091143887, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS0911441409 and the ISIN for the Notes sold pursuant to Rule 144A is XS0911438876. Application has been made to list both the Notes sold pursuant to Registration S and the Notes sold pursuant to Rule 144A on the Official List of the Luxembourg Stock Exchange and the admission of the Notes for trading on the Euro MTF Market.

Issuer Legal Information

IVS F. S.p.A. (the "**Issuer**") is a direct wholly-owned subsidiary of the Parent Guarantor. It was incorporated as a joint stock company (*società per azioni*) under the laws of Italy on March 12, 2013. It is registered with the Register of Companies of Bergamo (*Registro delle Imprese di Bergamo*) under the number 03899140168 with registered office at Via dell'Artigiano, 25, 24068 Seriate (Bergamo), Italy. The Issuer's incorporation will terminate on December 31, 2060, subject to certain amendments being made to its by-laws to extend the period of its incorporation. As of the date of this Offering Memorandum, the Issuer had a fully paid-up share capital of €2,050,000.00 consisting of 2,050,000 ordinary shares with a par value of €1.00, 100% of which are held by the Parent Guarantor.

Pursuant to Article 3 of its charter (*statuto*), the Issuer's corporate purpose is to: provide financing and treasury services to the companies of the Group; moreover, the Issuer may manage and supply, in Italy and abroad, vending machines offering food and beverage items; supply as retailer and/or as wholesaler food and beverage items and food and beverages vending machines distribution of equipment and accessories and any part thereof; manufacture, purchase and sell raw materials and products sold through vending machines; repair, maintain and manage vending machines and accessories; manage bars and vending spaces; provide services in the commercial, industrial and administrative areas; and acquire participations on a long term and stable basis, in other companies for investment purposes and related activities such as providing financial resources and exercising coordinating tasks in the companies in which participations are acquired.

The Issuer's creation and issuance of the Notes and grant of the security interest over its rights in the Proceeds Loan has been authorized by the Issuer's Board of Directors on March 26, 2013.

Parent Guarantor Legal Information

General

The Parent Guarantor was formed as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg on August 26, 2010 with a duration until December 31, 2049. The Parent Guarantor 's registered offices are located at 2A, Rue Jean-Baptiste Esch, L-1473 Luxembourg, Grand Duchy of Luxembourg and its operational headquarters is at Via dell'Artigianato, 25, Seriate (BG) 24068, Italy and it is registered under number B155.294 with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*).

The Parent Guarantor 's share capital is set at €386,892, represented by 38,952,491 Class A Shares, 1,250,000 Class B2 Shares and 1,250,000 Class B3 Shares, in each case in registered form, without indication of nominal value all subscribed and fully paid-up. The Parent Guarantor 's Class A Shares are currently listed for trading on the *Mercato Telematico degli Investment Vehicles* or Investment Vehicles Market of the Italian Stock Exchange (*Borsa Italiana*) under ticker symbol "IVS."

Pursuant to Article 4.1 of its articles of association, the corporate purposes of the Parent Guarantor is the acquisition, administration, holding, development and/or sale of shareholders, including majority shareholdings, in industrial, commercial and service companies as well as the acquisition of any assets or interests and rights of any kind and of any other form of investment in entities in either the Grand Duchy of Luxembourg or abroad and whether such companies, assets or entities exist or are to be created including by way of subscription, acquisition by purchase, sale or exchange of assets, securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, the strategic guidance and/or commercial, technical, administrative and financial coordination of direct and indirect subsidiaries and the direction of them. According to Article 4.2, the Parent Guarantor may also lend funds and may further grant any form of security in respect of any subsidiary, and, in general, of any entity which forms part of the same group of entities as the Parent Guarantor. Furthermore, according to Article 4.3, the Parent Guarantor may carry out all transactions which directly or indirectly serve its purposes, including, *inter alia,* raise funds by issuing any debt or equity securities or instruments.

The Parent Guarantor's Note Guarantee has been authorized by the Parent Guarantor 's Board of Directors on March 26, 2013.

Financial Year and Accounts

The Parent Guarantor 's financial year begins on January 1 and ends on December 31 of each year. The Parent Guarantor prepares and publishes annual audited financial statements. Any future published

financial statements prepared by the Parent Guarantor will be available, during normal business hours, at the offices of the Luxembourg Listing Agent.

General Meeting of Shareholders

The annual general meeting of Shareholders shall be held in Luxembourg, at the registered office of the Company or at such other place in the municipality of the registered office, as may be specified in the notice, on the second Tuesday of May of each year at 11.00 a.m. If such day is not a day on which banks are open for regular business in Luxembourg, the annual general meeting of Shareholders must be held on the next following day on which banks are open for regular business in Italy and Luxembourg. Other general meetings of Shareholders are held at such places and times as may be specified in the respective notices of meeting.

Subsidiary Guarantors Legal Information

IVS Italia

IVS Italia S.p.A. ("**IVS Italia**") is a direct wholly-owned subsidiary of the Parent Guarantor incorporated as a joint stock company (*società per azioni*) under the laws of Italy. It is registered with the Register of Companies of Bergamo (*Registro delle Imprese di Bergamo*) under the number 03320270162 with registered office at Via Dell'Artigianato, 25, 24068 Seriate (Bergamo), Italy. IVS Italia's incorporation will terminate on December 31, 2040, subject to certain amendments being made to its by-laws to extend the period of its incorporation. As of the date of this Offering Memorandum, IVS Italia had a fully paid-up share capital of €65,000,010.00 consisting of 4,333,334 ordinary shares with a par value of €15, all of which are held by the Parent Guarantor.

Pursuant to Article 3 of its charter (*statuto*), IVS Italia's corporate purpose is to: manage and supply, in Italy and abroad, vending machines offering food and beverage items; supply as retailer and/or as wholesaler food and beverage items and food and beverages vending machines distribution of equipment and accessories and any part thereof; manufacture, purchase and sell raw materials and products sold through vending machines; repair, maintain and manage vending machines and accessories; manage bars and vending spaces; provide services in the commercial, industrial and administrative areas; and acquire participations on a long term and stable basis, in other companies for investment purposes and related activities such as providing financial resources and exercising coordinating tasks in the companies in which participations are acquired.

IVS Italia's Note Guarantee has been authorized by IVS Italia's Board of Directors on March 26, 2013.

Fast Service

Fast Service S.p.A. ("**Fast Service**") is a direct 70%-owned subsidiary of the Parent Guarantor organized as a joint stock company (*società per azioni*) under the laws of the Republic of Italy. It is registered with the Register of Companies of Rome (*Registro delle Imprese di Roma*) under the number 05041761007 with registered office at Via Tiburtina, 912, 00156 Rome, Italy. Fast Service's incorporation will terminate on December 31, 2030, subject to certain amendments being made to its by-laws to extend the period of its incorporation. Fast Service is a direct subsidiary of the Parent Guarantor, with 70% of Fast Service's share capital held by the Parent Guarantor and 30% held by the Fast Service Minorities (as defined under "*Management's Discussion and Analysis of Financial Position and Resultions of Operations—Arrangements Regarding Minority Interests in our Subsidiaries*"), third party minority shareholders.

Pursuant to Article 3 of its charter (*statuto*), Fast Service's corporate purpose is to, *inter alia*: commercialize, sell, manage and install vending machines for the sale of food and non-food items, including the promotion of any products sold and providing advertising services. Fast Service may also carry out related commercial, financial and real estate activities.

Fast Service's Note Guarantee has been authorized by Fast Service's Board of Directors on March 26, 2013.

S. Italia

S. Italia S.p.A. ("**S. Italia**") is a direct wholly-owned subsidiary of the Parent Guarantor organized as a joint stock company (*società per azioni*) under the laws of the Republic of Italy. It is registered with the Register of Companies of Milan (*Registro delle Imprese di Milano*) under the number 12687800156 with

registered office at Via Nicolò Copernico, 60, 20090 Trezzano Sul Naviglio (MI), Italy. S. Italia's incorporation will terminate on December 31, 2050, subject to certain amendments being made to its by-laws to extend the period of its incorporation.

Pursuant to Article 4 of its charter (*statuto*), S. Italia's corporate purpose is to, *inter alia*: purchase, sell and rent vending machines, purchase, sell and commercialize products distributed through vending machines and carry out services related to a vending machine operator business of food and beverage items.

S. Italia's Note Guarantee has been authorized by S. Italia's Board of Directors on March 26, 2013.

Guarantor Group Financial Information

For the year ended December 31, 2012, the Guarantors represented approximately 78% of our total revenues, approximately 76% of our consolidated EBITDA and approximately 84% of our consolidated assets, respectively.

General

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the Issuer's financial position since December 31, 2012 or in any Guarantor's financial position since December 31, 2012; and
- None of the Issuer or the Parent Guarantor, and as far as the Issuer is aware, any Subsidiary Guarantor or any of their subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes except as otherwise disclosed in the Offering Memorandum, and, so far as the Issuer and the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

IVS Group S.A. and Subsidiaries

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
IVS Group S.A.
2A Rue Jean-Baptiste Esch
L-1473 Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of IVS Group S.A., which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended 31 December 2012, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of IVS Group S.A. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Bruno DI BARTOLOMEO

Luxembourg, 15 March 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
IVS Group S.A.

1. We have audited the consolidated financial statements of IVS Group Holding S.p.A. (merged into IVS Group S.A. on 16 May 2012) and its subsidiaries (the "IVS Group") which comprise the consolidated statements of financial position as of 31 December 2011 and 2010 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of cash flows, the consolidated statement of changes in shareholders' equity for each of the years then ended and the related explanatory notes. The preparation of these financial statements in conformity with International Financial Reporting Standards as adopted by the European Union is the responsibility of IVS Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. Our audits were made in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audits to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the consolidated financial statements of the IVS Group as of 31 December 2011 and 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the IVS Group for the years then ended.

/s/ Reconta Ernst & Young S.p.A.

Bergamo, 15 March 2013

IVS Group S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of 31 December 2012, 2011 and 2010

	As of 31 December			
	2012	2011	2010	Notes
	(in thousands of Euro)			
Assets				
Non-current assets				
Intangible assets	48,337	9,726	11,140	*(6)*
Goodwill	314,794	295,928	285,622	*(7)*
Property, plant and equipment	150,588	139,976	136,776	*(8)*
Equity investments	5,552	5,547	5,231	*(9)*
Non-current financial assets	9,487	13,203	916	*(10)*
Deferred tax asset	10,956	4,897	7,349	*(20)*
Other non-current assets	274	332	268	
Total non-current assets	**539,988**	**469,609**	**447,302**	
Current assets				
Inventories	19,194	16,313	16,874	*(11)*
Trade receivables	19,047	14,088	9,086	*(12)*
Tax assets	2,498	349	1261	*(13)*
Other current assets	41,397	30,397	25,644	*(14)*
Current financial assets	4,810	13,100	60	*(16)*
Cash and cash equivalents	28,817	36,127	11,308	*(15)*
Total current assets	**115,763**	**110,374**	**64,233**	
Total assets	**655,751**	**579,983**	**511,535**	
Shareholders' equity				
Share capital	387	64,002	64,002	*(17)*
Share premium reserve	354,650	2,498	2,498	*(17)*
Other Reserves	7,740	3,015	3,230	*(17)*
Treasury shares	(31.720)	—	—	*(17)*
Retained earnings/(losses)	(21,746)	(19,884)	(25,231)	*(17)*
Net profit/(loss) for the year	(15,422)	2,684	5,386	*(17)*
Shareholders' equity attributable to owners of the parent	**293,889**	**52,315**	**49,885**	*(17)*
Share capital and reserves attributable to non-controlling interests	2,913	6,488	4,875	*(17)*
Net profit/(loss) for the year attributable to non-controlling interests	1,272	915	478	*(17)*
Shareholders' equity attributable to non-controlling interests	**4,185**	**7,403**	**5,353**	
Total shareholders' equity	**298,074**	**59,718**	**55,238**	*(17)*
Non-current liabilities				
Due to bond holders	—	134,290	131,880	*(16)*
Non-current financial liabilities	113,682	159,402	175,025	*(16)*
Employee benefits	6,729	5,531	5,610	*(18)*
Provisions for risks and charges	814	506	562	*(19)*
Deferred Tax liabilities	20,906	8,756	9,772	*(20)*
Other non-current liabilities	9,531	—	—	
Total non-current liabilities	**151,662**	**308,485**	**322,849**	
Current liabilities				
Due to bond holders	8,083	—	—	*(21)*
Current financial liabilities	79,906	129,241	55,615	*(21)*
Derivatives financial instruments	10,245	3,897	3,715	*(21)*
Trade payables	68,608	61,365	57,231	
Tax liabilities	2,580	826	785	
Other current liabilities	36,953	16,451	16,102	*(23)*
Total current liabilities	**206,015**	**211,780**	**133,448**	
Total equity and liabilities	**655,751**	**579,983**	**511,535**	

IVS Group S.A. and Subsidiaries

CONSOLIDATED INCOME STATEMENTS

For the years ended 31 December 2012, 2011 and 2010

	Year ended 31 December			
	2012	**2011**	**2010**	**Notes**
	(in thousands of Euro)			
Revenues from sales and services	286,029	271,393	263,453	(25)
Other revenues and income	11,767	6,973	6,266	(25)
Total Revenues	**297,796**	**278,366**	**269,719**	(25)
Costs of raw materials, supplies and consumables	(73,672)	(71,684)	(68,521)	(26)
Costs of services	(36,798)	(30,550)	(28,292)	(27)
Personnel costs	(85,230)	(81,726)	(80,811)	(28)
Other operating income/(expenses), net	(40,799)	(34,686)	(35,430)	(29)
Gains/(losses) from disposal of fixed assets, net	966	606	1,629	
Other non-recurring income/(expense)	(29,954)	(2,185)	(870)	(30)
Depreciation and amortization	(38,282)	(35,565)	(36,973)	
Operating profit/(loss)	**(5,973)**	**22,756**	**20,451**	
Financial expenses	(11,098)	(14,037)	(10,278)	(31)
Financial income	1,119	744	364	(31)
Foreign exchange differences and variations in derivatives fair value, net	1,921	115	90	(32)
Result of companies valued at equity	51	127	207	
Profit/(loss) before tax	**(13,980)**	**9,525**	**10,834**	
Income taxes	(170)	(5,926)	(4,970)	(33)
Net profit/(loss) for the year	**(14,150)**	**3,599**	**5,864**	
Net profit/(loss) for the year attributable to owners of the parent	(15,422)	2,684	5,386	
Net profit/(loss) for the year attributable to non-controlling interests	1,272	915	478	
Earnings per share:				
Base earnings per share	(0.55)	0.36	0.73	
Diluted earnings per share	(0.55)	0.36	0.73	

IVS Group S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

	Year ended 31 December		
	2012	**2011**	**2010**
	(in thousands of Euro)		
Net Profit/(loss) for the year	**(14,150)**	**3,599**	**5,864**
Other components of comprehensive income:			
Change in fair value of cash flow hedging derivatives	766	(297)	(1,832)
Tax effect	(211)	82	759
Actuarial gain/loss IAS 19	(872)	(49)	(56)
Tax Effect	240	13	15
Total net comprehensive income, net of taxation	**(14,227)**	**3,348**	**4,751**
Attributable to:			
Owners of the parent	(15,440)	2,433	4,273
Non-controlling interests	1,213	915	478

IVS Group S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2012, 2011 and 2010

		Year ended 31 December		
		2012	**2011**	**2010**
		(in thousands of Euro)		
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		(13,980)	9,525	10,834
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:				
Undistributed profit (loss) of equity-accounted investees		(51)	(50)	(207)
Amortization, depreciation and impairment losses		37,712	34,948	36,973
Non-recurring costs of reverse asset acquisition		25,476	—	—
(Gains)/losses on disposal of non-current assets		(966)	(606)	(1,629)
Changes in employee benefits and other provisions		324	(374)	(307)
Reversal of financial expense		8,013	13,125	9,829
Cash flows from operating activities before tax, financial income/ expense and changes in working capital:		*56,258*	*56,657*	*55,381*
Changes in working capital		(19,721)	4,363	(6,973)
Cash flows from operating activities before tax and financial income/expense:		*36,807*	*61,020*	*48,808*
Net financial expenses paid		(10,749)	(9,460)	(8,445)
Taxes paid		(5,907)	(3,617)	(3,712)
Net cash provided by operating activities	**A**	**20,151**	**47,943**	**36,250**
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in non-current assets:				
Intangible assets		(1,720)	(605)	(439)
Property, plant and equipment		(34,038)	(36,575)	(27,690)
Payments for property, plant and equipment acquired in previous years		8,061	(7,781)	(7,288)
Business acquired		(5,353)	(1,823)	(623)
Acquisition of subsidiaries, net of cash		(27,462)	(5,433)	(515)
Total Investments		*(60,512)*	*(52,217)*	*(36,555)*
Proceeds from disposal of net non-current assets		4,210	2,284	5,173
Change in consolidation scope		(43)	—	—
Total divestitures:		*4,210*	*2,284*	*5,173*
Net cash used in investing activities	**B**	**(56,345)**	**(49,933)**	**(31,383)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current loan		19,002	64,944	32,683
Repayment of non-current loan liabilities		(222,337)	(20,076)	(41,216)
Changes in current financial liabilities		(21,956)	(14,108)	3,484
Changes in financial assets		12,613	(4,360)	169
Changes in consolidation		(8,209)	410	(592)
Share capital increase		130,705	—	141
Share capital increase realised by means of reverse asset acquisition		119,066	—	—
Net cash provided by/(used in) financing activities	**C**	**28,884**	**26,810**	**(5,332)**
TOTAL CASH FLOW FOR THE YEAR	**(A+B+C)**	**(7,310)**	**24,820**	**(465)**
Effect of exchange rate changes on cash and cash equivalents	**D**			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**E**	**36,127**	**11,308**	**11,773**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**28,817**	**36,127**	**11,308**

IVS Group S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2012, 2011 and 2010

	Share Capital	Share Premium Reserve	Treas. shares	Other Reserve	Retained earnings/ (losses)	Reserve for cash flow hedges	Net income/ (loss) for the period	Total shareholders' equity attributable to owners of the parent	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance as of 1 January 2010	**64,002**	**2,498**	**—**	**5,090**	**(24,783)**	**(929)**	**37**	**45,915**	**4,956**	**50,871**
Net income for the year							5,386	5,386	478	5,864
Other income/(losses)					(41)	(1,072)		(1,113)		(1,113)
Total comprehensive income/ (loss)	**—**	**—**	**—**	**—**	**(41)**	**(1,072)**	**5,386**	**4,273**	**478**	**4,751**
Allocation of income for the year					37		(37)	—		—
Change in consolidation scope					(443)			(443)	(81)	(524)
Capital injections ections				141				141		141
Rounding					(1)			1		(1)
Balance as of 31 December 2010	**64,002**	**2,498**	**—**	**5,231**	**(25,231)**	**(2,001)**	**5,386**	**49,885**	**5,353**	**55,238**
Net income for the year							2,684	2,684	915	3,599
Other income/(losses)					(36)	(215)		(251)		(251)
Total comprehensive income/ (loss)	**—**	**—**	**—**	**—**	**(36)**	**(215)**	**2,684**	**2,433**	**915**	**3,348**
Allocation of income for the year					5,386		(5,386)	—		
Dividend distribution									(19)	(19)
Rounding					(3)			(3)		(3)
Changes in the consolidation area:										
— COIN GROUP								—	1,154	1,154
Balance as of 31 December 2011	**64,002**	**2,498**	**—**	**5,231**	**(19,884)**	**(2,216)**	**2,684**	**52,315**	**7,403**	**59,718**
Net income for the year							(15,422)	(15,422)	1,272	(14,150)
Other income/(losses)					(574)	555		(19)	(59)	(78)
Total comprehensive income/ (loss)	**—**	**—**	**—**	**—**	**(574)**	**555**	**(15,422)**	**(15,441)**	**1,213**	**(14,228)**
Allocation of income for the year					2,684		(2,684)	—		—
Dividend distribution									(188)	(188)
Share capital increase	134,475	1,230		(5,231)				130,474		130,474
Changes in the consolidation area (acquisition of non-controlling interests):										
— IVS France S.a.S.					(366)			(366)	(2,030)	(2,396)
— EMMEDI S.A.					(1,715)			(1,715)	(992)	(2,707)
— DAV S.A					(1,856)			(1,856)	(1,222)	(3,078)
— METROSHOPPING					(27)			(27)	(2)	(29)
Effects of reverse asset acquisition:										
Share capital increase (Fair Value Italy1 Investment S.A. 16/5/12)				130,510				130,510		130,510
Acquisition of own shares			(31,720)	31,720				—		—
Existing shares Italy1 Investment S.A.	175	134,860		(135,035)				—		—
Share capital increase in favour of the shareholders of IVS Group Holding S.p.A.	212	219,788		(220,000)				—		—
Reclassification of the share capital of IVS Group Holding S.p.A.	(198,477)	(3,728)		202,205				—		—
Exercise of Warrant 2012		2						2		2
Rounding				1	(8)			(7)	3	(4)
Balance as of 31 December 2012	**387**	**354,650**	**(31,720)**	**9,401**	**(21,746)**	**(1,661)**	**(15,422)**	**293,889**	**4,185**	**298,074**

1. Introduction

IVS Group S.A. (the "Company") resulted from the merger on 16 May 2012 between IVS Group Holding S.p.A., an Italian company with registered offices in Seriate (Bergamo, Italy) parent company of the IVS Group, and Italy 1 Investment S.A. ("Italy1").

The consolidated financial statements of the Company as of and for the year ended 31 December 2012 present as comparative data the consolidated financial statements of IVS Group Holding S.p.A., as of and for the years ended 31 December 2011 and 2010.

IVS Group S.A. is a public limited company incorporated under Luxembourg law and registered on the Luxembourg Companies Register with the number B155.294; the registered offices of the Company are situated in 412F, route d'Esch, L-1471 Luxembourg. The shares of IVS Group S.A. are listed on the Italian stock market ("MIV" segment).

IVS Group S.A. controls, directly and indirectly, a number of companies that operate in the vending market (the "IVS Group" or the "Group") which consists of the sale of products through automated and semi-automated vending machines installed at unattended points of sale (businesses, schools, hospitals, railway stations and other public places). These machines operate 24 hours a day and consumers purchase products through the introduction of coins, banknotes, prepaid cards and other means of payment). The Group also controls a subgroup (the "Coin Group"), whose core business is the management of coins which consists of counting of coins for third parties, cash-in-transit services, collection and distribution of coins.

Italy1 was the first Special Purpose Acquisition Company ("SPAC") to be quoted on the Italian Stock Exchange, in particular in the MIV segment. Italy1 was incorporated on 26 August 2010, for the purpose of acquiring a company or business with its principal operating activity in Italy through merger, share swap or purchase of equity investments or similar operations. (hereinafter referred to as a "*Business Combination*").

Italy1 raised its share capital of Euro 150,000 thousand on the Italian Stock Exchange in January 2011, obtaining admission to listing in the MIV segment, and concluded its mission in May 2012, carrying out its investment in the IVS Group.

On 2 March 2012, the Company stipulated an agreement with IVS Group Holding S.p.A. and with its sole shareholder (IVS Partecipazioni S.p.A.) to carry out the merger between the two companies (the "Merger"). At the same time, the boards of directors of both companies formally presented the relative cross-border merger proposals to the respective shareholders' meetings, drawing up the relative merger by incorporation projects.

The Merger was approved on 12 April 2012 by the shareholders—unanimously in the case of the shareholders' meeting of IVS Group Holding S.p.A. and with a 78.7% majority in the case of the shareholders' meeting of Italy1. At the same time, the necessary authorisation was obtained from the competent authorities (namely that of the Luxembourg authority *Commission de Surveillance du Secteur Financier)* for the mandatory public documentation. On 16 May 2012 the Merger finally came into force, and the Company assumed the corporate name of IVS Group S.A., proceeding, in the meantime, as per company statute and regulations, to the buy-back of the shares held by those shareholders who exercised the redemption option in view of the realisation of the Business Combination. As a result of the merger, the sole shareholder of IVS Group Holding S.p.A (IVS Partecipazioni S.r.l., now a S.p.A.) received No. 22,702,256 Class "A" shares of Italy1 Investment S.A.

Accounting treatment of Business Combination

For the purposes of a correct interpretation/understanding of the consolidated financial statements it should be noted that, while from a legal and formal point of view it was Italy1 which incorporated the parent company of the IVS Group, in accordance with the requirements of the IFRS, from a substance and accounting point of view, the operation qualified as a reverse merger, maintaining the continuity of values—although with the necessary equity adjustments—with respect to the operating company involved

1. Introduction (Continued)

in the merger and therefore with respect to IVS Group Holding S.p.A. Accordingly, the transaction has been treated as a recapitalisation of the IVS Group using the accounting principles for the recording of reverse acquisitions established by IFRS 3. Therefore the consolidated financial statements have been prepared as if the IVS Group has acquired the net assets of Italy1 Investment S.A. and of its subsidiary, and not vice versa as was actually the case from a legal and formal point of view.

In line with the treatment as a reverse asset acquisition, the comparative figures as of and for the years ended 31 December 2011 and 2010 presented in these financial statements and in these explanatory are not those of Italy1, but the consolidated financial statements of IVS Group Holding S.p.A..

It should be noted that the IFRS accounting standards do not specifically contemplate the peculiar *business combination* operation between an operating company (IVS Group Holding S.p.A.) and a SPAC (Italy1 Investment S.A.). The application and interpretation adopted by the Group, in accordance with IAS 8, is based on a combination of the requirements of IFRS 2 relative to share-based payments and that currently required by IFRS 3 relative to reverse acquisitions. This treatment, which is in line with the current practice, entailed the recording in the income statement of the period of a charge equivalent to the difference between the fair value of the net equity of Italy1 Investment S.A. (prior to the acquisition) and the fair value of the instruments representative of the issued capital. The decision to adopt the abovementioned accounting treatment derives from the fact that the accounting standard IFRS 3 "Business Combinations" was not considered to be applicable.

Lastly, it should be noted that the matter has been brought to the attention of the IFRIC (IFRS Interpretation Committee) on 10 July 2012 and confirmed by the IFRIC Update of 13/14 November 2012. In particular The Interpretations Committee also noted that on the basis of the guidance in paragraph B7 of IFRS 3, the listed non operating entity is not a business. Consequently, the transactions analysed are not business combinations and are therefore not within the scope of IFRS 3. Because the transactions analysed are not within the scope of IFRS 3, the Interpretations Committee noted that they are therefore share-based payment transactions that should be accounted for in accordance with IFRS 2. The Interpretations Committee observed that on the basis of the guidance in paragraph 13A of IFRS 2, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer. This service received is that of a stock exchange listing for its shares. The Interpretations Committee observed that a stock exchange listing does not meet the definition of an intangible asset under IAS 38, Intangible Assets. Consequently, in accordance with the guidance in paragraph 8 of IFRS 2, the cost of the service received is recognised as an expense.

The total effect amounts to Euro 25,476 thousand and is recorded, together with the out-of-pocket costs relative to the operation (equivalent to Euro 1,351 thousand), under the heading "Other non-recurring income/(expenses)" in the income statement for the period.

2. Basis of presentation

The consolidated financial statements of the IVS Group as of and for the years ended 31 December 2012, 2011 and 2010 comprised of the consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated cash flow statements, consolidated statements of changes in equity and explanatory notes, have been prepared in accordance with the International Financial Reporting Standards as adopted by EU (IFRS).

As described above, the comparative data as of 31 December 2011 and 2010 are the consolidated financial data of IVS Group Holding S.p.A.

The consolidated financial statements have been drawn up in accordance with the historical cost principle, except for derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in Euro, which is also the functional currency, and all figures are rounded off to full thousands of euro except as otherwise specified.

2. Basis of presentation (Continued)

The Group adopted the following criteria in the preparation of its financial statements:

- assets and liabilities are classified as current or non-current in the statements of financial position. Current assets, which include cash and cash equivalents, are those that will be realised, sold or used in the Group's ordinary operating cycle. Current liabilities are those that will be extinguished within the Group's ordinary operating cycle or in the twelve months after the reporting date;
- expenses are presented based on their nature in the income statements;
- with reference to the statement of comprehensive income, the Group chose to adopt two separate schedules: an income statement presenting the traditional items forming the profit or loss for the period and the statement of comprehensive income that begins with the profit or loss for the period and details the other items of comprehensive income that were previously presented only in the statement of changes in equity, i.e., variations in the fair value of derivatives;
- the statement of cash flows is presented using the indirect method.

The Euro is the Group's functional currency. Amounts are expressed in thousands of Euros in both these notes and the financial statements schedules if not otherwise stated.

3. Basis of consolidation

The subsidiaries are fully consolidated from the acquisition date, or at the date when the Group acquires control thereof, and cease to be consolidated at the date when such control is transferred outside of the Group. The subsidiaries' financial statements are prepared in relation to the same accounting period and using the 's accounting policies. All balances and intragroup transactions, including any unrealised profits and losses arising from relations between Group companies and dividends are completely eliminated.

The result of the statement of comprehensive income related to a subsidiary is attributed to minorities even if this implies that non-controlling interests have a negative balance.

Changes in the group's interests in a subsidiary without determining a loss of control are accounted for as capital transactions.

If the group loses control of a subsidiary, it:

– eliminates the assets (including goodwill) and liabilities of the subsidiary;

– eliminates the accounting values of all non-controlling interests in the former subsidiary;

– eliminates the cumulated exchange differences recognized in Shareholders' equity;

– recognizes the fair value of the consideration received;

– recognizes the fair value of all investments maintained in the former subsidiary;

– recognizes the profit or loss in the income statement;

– reclassifies the company's share of items previously recognized in the statement of comprehensive income in the income statement or retained earnings, as appropriate.

Consolidation scope

The consolidated financial statements include the financial statements of IVS Group S.A. and of the companies, Italian and foreign, under its control, direct or indirect (through subsidiaries and associated companies), whose financial and operating policies it determines and from which it derives benefits.

The financial statements of the Company and of its subsidiaries are drawn up as of 31 December. The financial statements of the affiliate Espresso Service Proximitè are at 30 September, as permitted by IAS 28.

3. Basis of consolidation (Continued)

The tables below list the companies in which the Group directly or indirectly holds an investment, indicating how they are treated in the consolidated financial statements as of 31 December 2012, 2011 and 2010 relative to subsidiary companies.

As of 31 December 2012

Name	Owner	Investment % direct	% Reference	Treatment
IVS Italia S.p.A.	IVS Group S.A.	100.0%	100.0%	Consolidated
Vending System S.p.A.	IVS Group S.A.	100.0%	100.0%	Consolidated
S.Italia S.p.A.	IVS Group S.A.	100.0%	100.0%	Consolidated
Fast Service Italia S.r.l.	IVS Group S.A.	70.0%	100.0%	Consolidated
Eurovending S.r.l.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
DDS S.p.A.	IVS Italia S.p.A.	71.0%	71.0%	Consolidated
Emmedi S.A.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
Emmedi S.A.	IVS Group S.A.	30.0%	30.0%	Consolidated
Dav S.A.	IVS Italia S.p.A.	78.0%	78.0%	Consolidated
Dav S.A.	IVS Group S.A.	22.0%	22.0%	Consolidated
Eur Coffee S.r.l.	IVS Italia S.p.A.	80.0%	80.0%	Consolidated
E.V.S. S.r.l.	IVS Italia S.p.A.	90.0%	90.0%	Consolidated
Mr. Vending S.r.l.	IVS Italia S.p.A.	100.0%	100.0%	Consolidated
20.10 Vending S.r.l.	IVS Italia S.p.A.	100.0%	100.0%	Consolidated
Universo Vending S.r.l.	IVS Italia S.p.A.	100.0%	100.0%	Consolidated
IVS France SAS	IVS Italia S.p.A.	87.0%	87.0%	Consolidated
IVS France SAS	IVS Group S.A.	13.0%	13.0%	Consolidated
Ciesse Caffè S.r.l.	IVS Italia S.p.A.	26.3%	26.3%	Equity-accounted
Ristora System S.r.l.	IVS Italia S.p.A.	30.0%	30.0%	Equity-accounted
Universo Vending S.r.l.	IVS Italia S.p.A.	25.0%	25.0%	Equity-accounted
Caybe 2 Sl	Dav Sa	72.5%	56.6%	Not consolidated
Maquinas Automaticas Blasco SA	Emmedi Sa	100.0%	70.0%	Not consolidated
Cofradis Sud Sarl	IVS France SAS	50.0%	50.0%	Not consolidated
Sci +39	IVS France Sas	99.0%	99.0%	Consolidated
Sci +39	IVS Italia S.p.A.	1.0%	1.0%	Consolidated
Time Vending S.r.l.	IVS Italia S.p.A.	50.0%	50.0%	Proportionally consolidated
Espresso Service Proximitè	IVS France SAS	22.0%	22.8%	Equity-accounted
Espresso Service Proximitè	IVS Group S.A.	14.8%	14.8%	Equity-accounted
Metroshopping S.r.l.	IVS Italia S.p.A.	85.0%	85.0%	Consolidated
CSH S.r.l.	IVS Group S.A.	75.0%	75.0%	Consolidated
Coin Partecipazioni S.p.A.	CSH S.r.l.	60.0%	45.0%	Consolidated
Coin Service Empoli S.p.A.	Coin Partecipazioni S.p.A.	62.0%	27.9%	Consolidated
Coin Service Nord S.p.A.	Coin Partecipazioni S.p.A.	33.0%	14.9%	Consolidated
Coin Service Nord S.p.A.	Coin Service Empoli S.p.A.	48.0%	13.4%	Consolidated
Coin Service Services Sicurezza (in liquid.)	Coin Service Empoli S.p.A.	51.0%	14.2%	Not consolidated
Coin Service Services Sicurezza (in liquid.)	Coin Service Nord S.p.A.	49.0%	13.8%	Not consolidated

Companies that are not consolidated are dormant. The carrying amounts of their investment are reported under "Equity Investments", for a total value of Euro 54 thousand.

In addition to the extraordinary merger transaction already in the commented above section "Other information", the Group acquired in 2012 control over four Italian companies operating in the vending sector:

- on 8 March 2012 the Company acquired 100% of the share capital of S.Italia S.p.A. (previously Selecta Italia S.p.A.);
- on 30 March 2012 the Company acquired 70% of the quota capital of the Fast Service Italia S.r.l. As such acquisition provides a "put and call" option on the purchase/sale of the remaining 30%, which can be exercised once the 2013 financial statements of the acquired company are approved, it seemed

3. Basis of consolidation (Continued)

advisable to consolidate the financial statements of the subsidiary as if the ownership share were equal to 100%, already at December 31, 2012, as provided by the accounting standards IAS27 and IFRS3;

- on 5 October 2012 IVS Italia S.p.A. subscribed the entire capital of 20.10 Vending S.r.l.;
- on 19 November 2012 IVS Italia S.p.A. acquired 100% of the capital of the Mr Vending S.r.l.;

The subsidiary IVS Italia S.p.A. finalised the acquisition of business segments of some Italian companies.

All acquisitions were recognised according to the acquisition method; therefore consolidated financial statements to 31 December 2012 incorporate the result of the companies listed above from the corresponding date of acquisition of the controlling share.

In addition, the Company acquired minority interests in companies already fully consolidated at the date of December 31, 2011, specifically:

- on 30 March 2012 the Company acquired French minority interests representing 13% of the share capital of IVS France S.a.s.;
- on 5 April 2012 the Company acquired Spanish minority interests representing respectively 30% of the share capital of Emmedi SA and to 22% of the share capital of DAV SA;
- on 19 April 2012 IVS Italia S.p.A. acquired an additional 15% of the share capital of Metroshopping S.r.l. bringing its ownership share from 70% at December 31, 2011 to the current 85%;
- on 6 November 2012 IVS Italia S.p.A. acquired 1% of the share capital of the real estate company SCI +39.

Finally, it is reported that:

- during the last two months of 2012, the structure of the French subsidiaries was rationalised: the companies Parodis Sas, Cofradis Sas and IVS Corporate Sarl were merged into IVS France Sas with accounting and tax effects starting at the beginning of the 2012 period;
- the merger between IVS Group Holding S.p.A. and Italy1 Investment S.A. required the consolidation over the period of the Belgian subsidiary Italy1 Investment Sprl: it is reported that in December the entire holding in the company was sold to a related party (Siricus SA) for the price of one Euro, which has required the recognition of a capital loss of Euro 20 thousand in the consolidated financial statements of the Group.

3. Basis of consolidation (Continued)

As of 31 December 2011

Name	Owner	Investment %	Reference %	Treatment
IVS Italia S.p.A.	IVS Group Holding S.p.A.	100.0%	100.0%	Consolidated
Vending System S.p.A.	IVS Group Holding S.p.A.	100.0%	100.0%	Consolidated
Eurovending S.r.l.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
DDS S.p.A.	IVS Italia S.p.A.	71.0%	71.0%	Consolidated
Emmedi S.A.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
Dav S.A.	IVS Italia S.p.A.	78.0%	78.0%	Consolidated
Eur Coffee S.r.l.	IVS Italia S.p.A.	80.0%	80.0%	Consolidated
Nuovasellmatic S.r.l.	IVS Italia S.p.A.	93.0%	93.0%	Not consolidated
E.V.S. S.r.l.	IVS Italia S.p.A.	90.0%	90.0%	Consolidated
IVS France SAS	IVS Italia S.p.A.	87.0%	87.0%	Consolidated
Ciesse Caffè S.r.l.	IVS Italia S.p.A.	26.3%	26.3%	Equity-accounted
Ristora System S.r.l.	IVS Italia S.p.A.	30.0%	30.0%	Equity-accounted
Universo Vending S.r.l.	IVS Italia S.p.A.	25.0%	25.0%	Equity-accounted
Cofradis SAS	IVS France SAS	100.0%	87.0%	Consolidated
Parodis SAS	IVS France SAS	100.0%	87.0%	Consolidated
Sci Azzurra SAS	IVS France SAS	99.0%	86.1%	Consolidated
Sci Azzurra SAS	Cofradis SAS	1.0%	0.9%	Consolidated
Sci Dca SAS	IVS France SAS	99.2%	86.1%	Consolidated
Sci Dca SAS	Cofradis SAS	0.8%	0.7%	Consolidated
Caybe 2 Sl	Dav S.A.	72.5%	56.6%	Not consolidated
Maquinas Automaticas Blasco SA	Emmedi S.A.	100.0%	70.0%	Not consolidated
IVS Corporate Sarl (formerly Rital Caffè SAS)	IVS France SAS	100.0%	87.0%	Consolidated
Cofradis Sud Sarl	Cofradis SAS	50.0%	43.5%	Not consolidated
Sci +39	IVS France SAS	99.0%	86.1%	Consolidated
Sci +39	Cofradis SAS	1.0%	0.9%	Consolidated
Time Vending S.r.l.	IVS Italia S.p.A.	50.0%	50.0%	Proportionally consolidated
Espresso Service Proximitè	Parodis SAS	22.0%	19.0%	Equity-accounted
Espresso Service Proximitè	IVS Group Holding S.p.A.	14.8%	14.8%	Equity-accounted
Metroshopping S.r.l.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
CSH S.r.l.	IVS Group Holding S.p.A.	75.0%	75.0%	Consolidated
Coin Partecipazioni S.p.A.	CSH S.r.l.	60.0%	45.0%	Consolidated
Coin Service S.p.A.	Coin Partecipazioni S.p.A.	62.0%	27.9%	Consolidated
Coin Service Nord S.p.A.	Coin Partecipazioni S.p.A.	33.0%	14.9%	Consolidated
Coin Service Nord S.p.A.	Coin Service Empoli S.p.A.	48.0%	13.4%	Consolidated
Coin Service Services Sicurezza	Coin Service Empoli S.p.A.	51.0%	14.2%	Consolidated
Coin Service Services Sicurezza	Coin Service Nord S.p.A.	49.0%	13.8%	Consolidated

Companies that are not consolidated are dormant. The carrying amounts of their investments in the consolidated financial statements amount to Euro 72 thousand.

The main changes in the consolidation scope with respect to 31 December 2010 are as follows:

- Food System S.r.l., BVending S.r.l. and Ivan Cafè S.r.l., already consolidated in previous years, were merged respectively into IVS Italia S.p.A. and Vending System Italia S.p.A. with accounting and tax effect from 1 January 2011. At the same time, Automatica Services S.r.l., 100% of which was acquired in early 2011, was merged into IVS Italia S.p.A. with accounting and tax effect from 1 January 2011;
- Cofdar SA, already consolidated in previous years, was merged into Cofradis SA with accounting and tax effect from 1 January 2011;
- the Company set up CSH S.r.l. in February 2011, subscribing 75% of its quota capital; on 31 March 2011, the subsidiary Coin Partecipazioni S.p.A., set up by CSH S.r.l. which subscribed 60% of its quota capital, finalised its acquisition of the Coin Service Group (made up of the subsidiaries Coin Service S.p.A., Coin Service Nord S.p.A. and Coin Service Servizi Sicurezza S.r.l.), whose core business is the counting of coins for third parties, cash-in-transit services, collection and distribution of coins (coin management);

3. Basis of consolidation (Continued)

- IVS Italia S.p.A. acquired 70% of Metroshopping S.r.l. and an additional 6.32% of Ciesse Caffè S.r.l. during the year.

As of 31 December 2010

Name	Owner	Investment %	Reference %	Treatment
IVS Italia S.p.A.	IVS Group Holding S.p.A.	100%	100%	Consolidated
Vending System S.p.A.	IVS Group Holding S.p.A.	100%	100%	Consolidated
Ivan Caffè S.r.l.	Vending System S.p.A.	100%	100%	Consolidated
Eurovending S.r.l.	IVS Italia S.p.A.	70%	70%	Consolidated
DDS S.p.A.	IVS Italia S.p.A.	71%	71%	Consolidated
Emmedi S.A.	IVS Italia S.p.A.	70%	70%	Consolidated
Dav S.A.	IVS Italia S.p.A.	78%	78%	Consolidated
Eur Coffee S.r.l.	IVS Italia S.p.A.	80%	80%	Consolidated
Nuovasellmatic S.r.l.	IVS Italia S.p.A.	93%	93%	Not consolidated
E.V.S. S.r.l.	IVS Italia S.p.A.	90%	90%	Consolidated
IVS France SAS	IVS Italia S.p.A.	87%	87%	Consolidated
Food System S.r.l.	IVS Italia S.p.A.	100%	100%	Consolidated
BVending S.r.l.	IVS Italia S.p.A.	100%	100%	Consolidated
Ciesse Caffè S.r.l.	IVS Italia S.p.A.	20%	20%	Equity-accounted
Ristora System S.r.l.	IVS Italia S.p.A.	30%	30%	Equity-accounted
Universo Vending S.r.l.	IVS Italia S.p.A.	25%	25%	Equity-accounted
Cofradis SAS	IVS France SAS	100%	87%	Consolidated
Parodis SAS	IVS France SAS	100%	87%	Consolidated
Cofdar SAS	IVS France SAS	100%	87%	Consolidated
Sci Azzurra SAS	IVS France SAS	99%	86.10%	Consolidated
Sci Azzurra SAS	Cofradis SAS	1%	0.90%	Consolidated
Sci Dca SAS	IVS France SAS	99.20%	86.10%	Consolidated
Sci Dca SAS	Cofradis SAS	0.80%	0.70%	Consolidated
Caybe 2 Sl	Dav S.A.	72.50%	56.60%	Not consolidated
Maquinas Automaticas Blasco SA	Emmedi S.A.	100%	70%	Not consolidated
IVS Corporate Sarl (formerly Rital Caffè SAS)	IVS France SAS	100%	87%	Consolidated
Cofradis Sud Sarl	Cofradis SAS	50%	43.50%	Not consolidated
Sci +39	IVS France SAS	99%	86.10%	Consolidated
Sci +39	Cofradis SAS	1%	0.90%	Consolidated
Time Vending S.r.l.	IVS Italia S.p.A.	50%	50%	Proportionally consolidated
Espresso Service Proximitè	Parodis SAS	22%	19%	Equity-accounted
Espresso Service Proximitè	IVS Group Holding S.p.A.	14.8%	14.8%	Equity-accounted

Companies that are not consolidated are dormant. The carrying amounts of their investments in the consolidated financial statements amount to Euro 72 thousand.

The main changes in the consolidation scope with respect to 31 December 2009 are as follows:

- IVS Serida S.r.l., wholly owned by IVS Italia S.p.A. at the reporting date (80% owned and consolidated by the at 31 December 2009), was merged into IVS Italia S.p.A. with accounting and tax effect from 1 January 2010. In the meantime, the two subsidiaries Italdrink S.r.l. and O.D.A. S.r.l., wholly owned by the Company, were also merged into IVS Italia S.p.A., which already leased their businesses in 2009;
- Mega S.a.S. was merged into the French company Cofradis S.a.S., which concurrently acquired the residual investment therein from IVS France S.a.S.;
- IVS France S.a.s. acquired the entire investment in Rital Caffè S.a.S. from the subsidiary Cofradis S.a.s., subsequently changing its name to IVS Corporate S.a.S.;
- the associate Espresso Service Proximitè S.A. merged its subsidiary Plus S.a.S. into it; this subsidiary had been transferred to Espresso Service Proximitè S.A. by the Group in 2009;

3. Basis of consolidation

- During the year, the subsidiary IVS Italia S.p.A. acquired 100% of BVending S.r.l., which has been consolidated as from the acquisition date.

Translation of foreign currency captions and financial statements

All group companies present their financial statements in Euro.

Translation of foreign currency items

Any foreign currency transaction is initially translated using the exchange rate at the time of transaction. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated back into the functional currency using the exchange rate at the reporting date. Any resulting exchange rate gains or losses are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the rate on the day of the transaction, while those carried at fair value are translated at the rate on the day when fair value is measured.

4. Accounting principles

The consolidated financial statements of the IVS Group have been prepared in conformity with the IFRS effective at the respective balance sheet dates, as endorsed by the European Union.

No exception to the application of IFRS has been applied in preparing these consolidated financial statements.

Changes in accounting policies and reclassification of prior years information note

Early adoption of IAS 19 (2011)—Employee benefits

The IASB has issued numerous amendments to IAS 19 (2011). These range from fundamental changes such as removing the corridor approach and the concept of expected returns on plan assets to simple clarifications and re-wordings. In the 2012 financial year, the Group has opted for the early adoption of IAS 19 (2011) and recognized actuarial gains and losses as items of other comprehensive income. In the past, the Group recognised actuarial gains and losses entirely in the income statement of the year in which these occurred. These changes have been applied retrospectively in accordance with IAS 8 Accounting policies, Changes in accounting estimates and errors, with the consequent restatement of disclosure for the previous year.

As a result of the early adoption of IAS 19 (2011), the following adjustments were made to the financial statements:

At December 31, 2012:

Costs for employee benefits (according to the previous accounting policy) reclassified in the statement of comprehensive income: Euro 873 thousand.
Net cost recognized in the statement of comprehensive income: Euro 632 thousand.
Net decrease in income tax: Euro 241 thousand.
Net increase in income, net of taxes: Euro 632 thousand.

At December 31, 2011:

Charges for employee benefits (according to the previous accounting policy) reclassified in the statement of comprehensive income: Euro 49 thousand
Net cost recognized in the statement of comprehensive income: Euro 36 thousand
Net decrease in income tax: Euro 13 thousand
Net increase in income, net of taxes: Euro 36 thousand.

4. Accounting principles (Continued)

At December 31, 2010:

Charges for employee benefits (according to the previous accounting policy) reclassified in the statement of comprehensive income: Euro 56 thousand
Net cost recognized in the statement of comprehensive income: Euro 41 thousand
Net decrease in income tax: Euro 15 thousand
Net increase in income, net of taxes: Euro 41 thousand.

The effect on the earnings per share was thus below Euro 0.01 for 2011 and 2010 and equal to Euro 0.02 for 2012.

Reclassification of prior years financial information

In addition, based on a more appropriate classification of the 2012 financial statements balances, the following previous years' line items were reclassified to be comparable to the 2012 financial information:

- Euro 11,000 thousand related to non-current bonds at 31 December 2011 were reclassified from the heading "Other non-current assets" to the heading "Non-current financial assets";
- Euro 13,000 thousand related to current bonds at 31 December 2011, were reclassified from the heading "Other current assets" to the heading "Current financial assets";
- Euro 2,203 thousand and Euro 916 thousand related to non-current loans and receivables at 31 December 2011 and at 31 December 2010 respectively, were reclassified from the heading "Equity investments and loans and receivables" to the heading "Non-current financial assets";
- Euro 11,590 thousand and Euro 4,410 thousand at 31 December 2011 and at 31 December 2010 respectively, were reclassified from the heading "Liabilities towards shareholders for loans" to the heading "Non-current financial liabilities";
- "Revenue from sales of goods" includes in 2011 Euro 6,765 thousand related to core revenues generated by the Coin division and previously recorded under the heading "Other income and revenues".

Finally, following a more appropriate presentation of the 2012 income statement, the 2011 and 2010 "Current gross operating margin" and "Gross operating margin" were no longer presented in the income statement.

Critical judgments and accounting estimates

The preparation of the Group's financial statements requires management to make discretional judgments, assumptions and estimates that affect the reported amounts of income, expenses, assets and liabilities and the corresponding disclosures, and the indication of potential liabilities. Uncertainty about these assumptions and estimates might determine outcomes that will require in the future a significant adjustment to the book value of these assets and/or liabilities.

The assumptions regarding the future and other major causes of estimate uncertainty which, at the reporting date, present a significant risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities within next year, are listed below.

Goodwill and other intangible assets

Goodwill and indefinite-lived intangible assets are tested at least annually for impairment or more frequently in the case of occurrence of these impairment indicators. Impairment testing requires management to estimate the value in use of the cash-generating unit (CGU) to which goodwill and indefinite-lived intangible assets are allocated. Value in use is based on the present value of estimated future cash flows discounted using an appropriate rate.

4. Accounting principles (Continued)

Accordingly, in calculating value in use, management estimates the asset's or CGU's estimated future cash flows and selects an appropriate discount rate to obtain their present value. Reference should be made to the relevant note for a sensitive analysis of the key underlying assumptions.

Estimate of the recoverable amount of non-current assets

Under IFRS, non-current assets should be tested for impairment. An impairment loss is recognised when the asset's carrying amount is no longer deemed recoverable through its use. This analysis requires management to make critical judgments based on external and internal available information and past experience. Moreover, should an asset be found to be impaired, the relevant impairment loss is calculated using adequate valuation techniques. The identification of impairment indicators and the estimates made to calculate the amount of the impairment loss are based on subjective judgments and other factors that may change over time, affecting management judgments and estimates.

Current and deferred taxation

There is uncertainty about the interpretation of complex tax laws and on the amount and timing of future taxable income. Given the wide range of international trade relations, the long-term nature and complexity of existing contractual agreements, the ensuing differences between actual results and the assumptions made, or any future changes in these assumptions, may require future adjustments to income taxes and costs that have already been recorded. The Group provides for allowance accounts, based on reasonable estimates, for the potential effects of audits by tax authorities of the respective countries in which it operates. The amount of these provisions is based on several factors, such as previous tax audits or the different interpretations of tax laws by the company subject to taxation and by the competent tax authority. These differences of interpretation may concern a wide range of problems depending on the prevailing conditions in the respective domicile of the Group's companies.

Deferred tax assets are recognized for all unused tax losses, to the extent that it is probable that there will be taxed income in the future such as to allow for the losses to be used. To determine the amount of tax assets that can be recognized on the basis of future taxable profit, the timing of their occurrence and tax planning strategies, requires management to make considerable estimates.

Deferred tax assets are recognised for all temporary differences and the carry-forward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised. Management uses a high level of discretionary judgment to determine the amount of deferred tax assets that can be recognized, by estimating when they will probably become due and the amount of future taxable profit.

The Company decided to calculate its tax charge in accordance with the Italian fiscal legislation applicable to resident Italian companies.

Measuring the fair value of contingent consideration

Contingent consideration related to business combinations is recognised at the acquisition date fair value as part of the business combination. If contingent consideration satisfies the definition of a derivative and is thus a financial liability, its value is then restated at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into account the likelihood of achieving each performance objective and the discount factor.

In the allocation of the acquisition cost for Fast-Service S.r.l., the Group has identified an element of contingent consideration, from the fair value to the date of acquisition of Euro 7,312 thousand (March 2012), which has been redefined in Euro 7,558 thousand as of 31 December 2012. Further developments may require the estimate to be further revised.

Contingent consideration is classified under Other current liabilities.

4. Accounting principles (Continued)

Other captions affected by estimates

Moreover, estimates are used to recognise the allowance for impairment, amortisation and depreciation, employee benefits and provisions for risks and charges and to allocate the acquisition cost of recent business combinations.

Summary of the major accounting policies

The consolidated financial statements at 31 December 2012 have been drawn up using the accounting policies detailed below. These accounting policies are consistent with those utilised in the preparation of the consolidated financial statements as of 31 December 2011 and 2010 of IVS Group Holding S.p.A. with the exceptions described below under paragraph Amendments and new standards and interpretations.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of a business combination is given by the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of non-controlling interest in the acquired company. For each business combination, the Group chooses whether to measure any non-controlling interest in the acquired company at fair value or proportionally to the non-controlling interest's share in the identifiable net assets of the acquired company. Acquisition costs are expensed in the current period and are included among administration costs.

When the Group acquires a business, it classifies or indicates the financial assets or the liabilities acquired under contractual terms, the economic conditions and any other relevant conditions existing on acquisition. This includes an assessment of the need to separate a derivative from the underlying contract.

If the business combination takes place in stages, the previous equity holding is taken back to the fair value on acquisition and any consequent gain or loss is recognised in the income statement.

Any contingent consideration that needs recognizing is carried by the buyer at fair value on acquisition. The change of the fair value of the contingent consideration classified as assets or liabilities, being a financial instrument covered by IAS 39, should be recognised in the income statement or in the statement of other comprehensive income items. When the contingent consideration is not covered by IAS 39, it is measured according to the appropriate IFRS. If the contingent consideration is classified in equity, its value is not recalculated and its subsequent adjustment is recognised in equity.

Goodwill is initially recognised at cost, as given by the excess of the sum of the paid consideration and amount recorded for the non-controlling interests over net identifiable assets acquired and liabilities acquired by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

After the initial recognition, goodwill is carried at cost net of accumulated impairment. For the purposes of the annual impairment test, goodwill acquired in business combinations is allocated to the cash-generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are allocated to the same unit.

If goodwill was allocated to a cash-generating unit and the entity disposes of a portion of the assets of that unit, goodwill on the disposed assets is included in the carrying amount of the assets to calculate the gain or the loss on the disposal. Goodwill associated with the disposed asset is calculated according to the relative value of the disposed asset and of the portion retained by the cash-generating unit.

Holdings in joint ventures

The Group takes part in a venture that is classified as jointly-controlled as the partners have an agreement that establishes joint control on the assets of the entity. The joint venture agreement provides for financial and management decisions to be taken unanimously by the partners. The Group consolidates its holdings in joint ventures, adding line by line its own quota in assets, liabilities, revenues and costs of the jointly-

4. Accounting principles (Continued)

controlled entity with the corresponding items of the consolidated financial statements. The joint venture draws up its financial statements for the same period as the Company and applies similar accounting standards. Adjustments are made for discrepancies in accounting standards.

The share of unrealized gains and losses on transactions between the Group and the joint venture has been removed from the consolidated financial statements of the Group. The loss is recognised immediately when it indicates a decrease in the net realizable value of current assets or a lasting impairment. The proportional consolidation of the joint venture stops at the time the Group cease to have joint control over it.

After relinquishing joint control, the Group calculates and recognises its residual investment at fair value. The difference between the carrying amount of what used to be a jointly-controlled entity and the fair value of the residual investment and the disposal proceeds is recognised in the income statement. When the residual investment represents a significant influence, it is recognised as an investment in an affiliate.

Holdings in affiliated companies

Holdings in affiliated companies of the Group are carried using the equity method. An affiliate is a company over which the Group exert significant influence.

With the equity method, the equity holding in an affiliate company is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the holding company in the gains and the losses realised by the affiliate after the acquisition date. Goodwill on affiliates is included in the carrying amount of the equity holding and is not amortised nor subject to a separate impairment test.

The income statement reports the share of the Group in the result for the period of the affiliate company. When an affiliate company recognises adjustments which are directly charged to equity, the Group recognises its share and reports it, in the Statement of changes in equity, as applicable. Unrealized gains and losses from transactions between the Group and the affiliate are offset in proportion to the equity share held in the affiliate.

The share of the Group in the result of the affiliate company is recognised in the income statement. The share represents the result of the affiliate attributable to shareholders; it excludes then taxes and of the share attributable to the other shareholders of the affiliate.

The financial statements of the affiliate are prepared for the same reporting period as the Group. If necessary, the financial statements of the affiliate are adjusted to conform to the accounting standards of the Group.

After applying the equity method, the Group assesses whether it is necessary to recognise the impairment of its holding in the affiliate company. The Group assesses by the end of each reporting period whether there is objective evidence that the equity holding in the affiliate company is impaired. If that is the case, the Group calculates the loss amount as the difference between the recoverable amount of the affiliate and the corresponding carrying amount, recognising such difference in the profit and loss account for the period in the "Share of the result of affiliate companies" item.

When the Group relinquishes significant influence on the affiliate, the residual holding is recognised at fair value. The difference between the carrying amount of the equity holding at the date of the loss of significant influence and the fair value of the residual equity holding and of the received consideration is recognised in the income statement.

Revenue recognition

Revenues are recognised to the extent that future economic benefits are likely to flow to the Group and these benefits can be measured reliably, regardless of their collection date. Revenues are carried at fair value of the consideration received or to be received, given contractual payment terms and net of taxes and

4. Accounting principles (Continued)

duties. The Group reviews its sales contracts to establish whether it is operating on its own account or as an agent. The Group has concluded that in all sales contracts it is acting on its own account.

To be recognised, revenues must also meet the following specific recognition criteria:

- Revenue from sales of products through automated vending machines is usually recognised when the products are purchased by the customer, as this is the moment when goods are delivered and the consideration is collected.
- Revenue from invoiced sales is recognised when the risks and rewards of ownership of the goods have been transferred to the buyer.

Interest earned

For all financial instruments carried at amortised cost and interest-bearing financial assets classified as available for sale, interest earned is recognised using the effective interest method; effective interest is the rate that equals discounted future payments and receipts, estimated over the expected life of the financial instrument or, if necessary, over a shorter period, to the net carrying amount of the financial asset or liability. Interest earned is classified as financial income in the income statement.

Dividends

Dividends are recognised when the Group acquires the right to receive the payment, which usually corresponds to the moment when the Shareholders' Meeting approves their distribution.

Earned rents

Rents from investment property are recognised on a straight-line basis over the duration of the outstanding leases at the end of the reporting period and are classified as income, taking into account they are part of operations.

Public subsidies

Public subsidies are recognised when there is a reasonable certainty that they will be received and that all the conditions referred to will be met. Subsidies related to cost items are recognised as income, but are apportioned systematically among periods, to match recognition of the costs they are meant to offset. A subsidy related to an asset is recognised as income on a straight-line basis, over the expected useful life of the reference asset.

If the Group receives a non-monetary subsidy, the asset and the corresponding subsidy are recognised at their nominal value and reported in the income statement on a straight-line basis, over the expected useful life of the reference asset. In the case of loans or similar aid received from government entities or similar institutions at rates below current market rates, the effect of the favourable interest rate is treated as a public subsidy.

Income taxes

Current taxation

Current tax assets and liabilities of the period are carried for the amount that is expected to be recovered or paid out to the fiscal authorities. The tax rates and the tax law used to calculate the amount are those enacted, or substantively enacted, at the end of the reporting period in the countries where the Group operates and earns its taxable income.

Current taxes related to items recognised outside the income statement are equally recognised outside the income statement and, therefore, in equity or in the statement of comprehensive income, consistently with

4. Accounting principles (Continued)

the recognition of the item they refer to. The Group periodically reviews the position taken in its tax returns in those cases when tax rules are subject to interpretation and makes provisions, as appropriate.

Deferred taxation

Deferred tax liabilities are calculated applying the liability method to the temporary differences between accounting and taxable value of assets and liabilities at the reporting date.

- Deferred tax liabilities are recognised on all temporary taxable differences, except in the following cases:
- Deferred tax liabilities result from the initial recognition of goodwill or of an asset or liability in a transaction which does not constitute a business combination and does not impact the result, neither for accounting nor for tax purposes, at the time of the transaction;
- The reversing of temporary taxable differences, on the holdings in subsidiaries, affiliates and joint ventures, is under the control of the Group, and it is not likely to take place in the foreseeable future.
- Deferred tax assets are recognised against deductible temporary differences and unused, carried-over net tax credits and losses, to the extent that taxable profit is likely to be available to be recognised against, except in the following cases:
- the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that does not qualify as a business combination and that, at the time of the transaction, does not impact either accounting or taxable results;
- if there are temporary deductible differences associated to holdings in subsidiaries, affiliates and joint ventures, deferred tax assets are recognised only to the extent that they are likely to be reversed in the foreseeable future and that there will be a tax base large enough to allow their recovery.

The carrying amount of deferred tax assets is reviewed at each reporting date and decreased to the extent that a tax base large enough to allow the use of such credit, fully or in part, is unlikely to be available in the future. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it becomes likely that taxable income will be sufficient to allow their recovery.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the period when the asset is realised or the liability is extinguished, given tax rates (and tax laws) enacted, or substantively enacted, at the end of the reporting period.

Current taxes related to items recognised outside the income statement are equally recognised outside the income statement and, therefore, in equity or in the statement of comprehensive income, consistently with the recognition of the item they refer to.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred taxes are levied on the same taxpaying entity by the same tax authority.

Tax benefits acquired as a result of a business combination that do not satisfy the criteria for separate recognition at the date of acquisition may be recognised later, if necessary, when new information is received about changed facts and circumstances. The adjustment is recognised as goodwill impairment (up to of the value of goodwill), if recognised during the measurement period, or in the income statement, if recognised at a later time.

Indirect taxes

- Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value-added tax, with the following exceptions:
- taxes on purchase of goods or services are not deductible; these are recognised as part of the purchase cost of the asset or as part of the cost recognised in the income statement;

4. Accounting principles (Continued)

- trade payables and receivables include the applicable indirect tax.
- The net amount of indirect taxes to recover or to pay to the tax authorities is included in the financial statements as an asset or else as a liability.

Property, plant and equipment

Property, plant and equipment are recognised at historical cost, net of accumulated depreciation and impairment losses. Such cost includes the cost to replace parts of plant and equipment at the time it is incurred, if recognition criteria are met. If periodic replacement of significant parts of property, plant and equipment becomes necessary, the Group recognises such parts as self-contained assets with a specific useful life and a corresponding depreciation. In the same way, after significant adjustments, the cost is included in the carrying amount of the plant or equipment as after replacement, if recognition criteria are met. All other repair and maintenance costs are recognised in the income statement when incurred.

Land and buildings are recognised at historical cost, net of depreciation on buildings and impairment losses.

Investment property is property held to earn rent and/or for capital appreciation, rather than to be used in the production or delivery of goods or services. It is initially carried at the cost of purchase, including expenses that can be directly attributed to them. Subsequently they are carried at amortised cost.

Depreciation is calculated on a straight-line basis on the basis of the expected useful life of the asset.

The useful lives assumptions made by the Group for the main categories of property, plant and equipment are as follows:

– Property: 33 years

– industrial and commercial equipment: 6-7 years

– cars and vehicles: 4-5 years

An asset is de-recognised at the time of its sale or when no future economic benefits from its use or disposal are expected. Any loss or gain (calculated as the difference between net sale proceeds and carrying amount) is included in the income statement at the time of de-recognition.

The residual value of the asset, its useful life and the methods of depreciation applied are reviewed at the end of each period and adjusted prospectively, as necessary.

Leases

The classification of a contractual agreement as a lease agreement (or as an agreement including a lease) is based on the substance of the agreement and requires assessing whether the fulfilment of the agreement depends on the use of one or more specific assets or whether the agreement transfers the right to use the assets. This assessment is carried out at the beginning of the agreement.

Financial leases, which transfer substantially all risks and rewards of ownership of the leased asset to the Group, are recognised as assets at the beginning of the lease term, at the lower of fair value of the leased item and present value of lease payments. Lease payments are split between capital and interest payments so that a constant periodic rate of interest applies on the remaining balance of the liability. Financial charges are recognised in the income statement.

Leased assets are depreciated according to their useful lives. However, if there is no reasonable certainty that the Group will receive the ownership of the asset at the end of the contract, the asset is depreciated on the expected useful life of the asset or the duration of the lease, whichever is shorter.

Operating lease payments are recognised as costs in the income statement on a straight-line basis over the duration of the contract.

4. Accounting principles (Continued)

Financial expenses

Financial charges directly attributable to the purchase, construction or production of an asset requiring a period sufficiently long to become available for use are capitalised against the cost of the asset. All other financial charges are recognised as costs in the period in which they are incurred. Financial charges represents interest payments and other costs that an entity bear to obtain funding.

Intangible assets

Intangible assets that have been acquired separately are recognised initially at cost. Those acquired through a business combination are recognised at their fair value on the date of the acquisition. After the initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment losses, if any. With the exception of development costs, internally-produced intangible assets are not capitalised, but are immediately recognised in the income statement.

Intangible assets may have a finite or indefinite useful life.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever there is indication of impairment. The period and method of amortisation used for intangible assets with a finite useful life is reviewed at least at the end of each period. Changes in the expected useful life or in the way future economic benefits from the asset are realised are recognised by changing amortisation period or method, according to the case, and are considered changes of accounting estimates. Amortisation charges for intangible assets with a finite useful life are recognised in the income statement in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortised, but they are tested for impairment annually, both individually and at the level of cash-generating unit. The assessment of the indefinite useful life is reviewed annually to establish whether such attribution continues to be warranted, and if not, the indefinite useful life is changed prospectively to finite.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net sale proceeds and the carrying amount of the asset and are recognised in the income statement in the period of disposal.

Research and development expenses

Research expenses are recognised in the income statement when incurred. Development expenses incurred in connection with a specific project are recognised as intangible assets when the Group can prove:

– the technical capacity to complete the intangible asset, so that it will be available for use or sale;

– its intention to complete the development and its capacity to use it or sell the asset;

– how the intangible asset will generate future economic benefits,

– the availability of resources to complete the development;

– its ability to measure reliably the costs to be imputed to the asset during development.

After the initial recognition, the developed assets are carried at cost net of accumulated amortisation or impairment losses. Amortisation of the asset begins when the development phase has been completed and the asset is available for use. Assets arising from development are amortised over the period during which benefits are expected to accrue and the corresponding amortisation charges are included in the cost of sales. During development the asset is tested annually for impairment.

4. Accounting principles (Continued)

Financial instruments—Recognition and assessment

Financial assets

Initial recognition and assessment

Financial assets within the scope of IAS 39 are classified, according to the case, as financial assets at fair value through income, loans and advances, financial assets held to maturity, financial assets available for sale, or as derivatives considered to be effective hedging derivatives. The Group establishes the classification of its financial assets at the time of the initial recognition.

Financial assets are initially recognised at fair value; to these the transaction costs directly imputable to the acquisition are added, except in the case of financial assets recognised at fair value through income.

The purchase or sale of a financial asset that must be delivered within a time frame usually set by regulation or market convention (so-called standardized or regular way trade) is recognised at the trade date, defined as the date at which the Group acquires the obligation to buy or sell the asset.

Subsequent assessment

The subsequent assessment of financial assets depends on their classification, as described below:

- Loans and advances: Loans and advances are non-derivative financial assets, with fixed or determinable payments, not quoted in an active market. After the initial recognition, such assets are carried at amortised cost, using the effective interest method, net of impairment losses. The amortised cost is calculated recognising any purchase discount, premium, fees or costs that are integral part of the effective interest rate. The effective interest rate is recognised as financial revenue in the income statement. Impairment losses are recognised in the income statement as financial charges.
- Financial assets held to maturity. Non-derivative financial assets with fixed or determinable maturity are classified as "investments held to maturity" if the Group has the intention and ability to hold them in its portfolio until maturity. After the initial recognition, these are measured at amortised cost using the effective interest method, net of impairments. The amortised cost is calculated recognising any purchase discount, premium, fees or costs that are integral part of the effective interest rate. The effective interest rate is recognised as financial revenue in the income statement. Impairments are recognised in the income statement as financial charges.

De-recognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to the cash flows from the financial asset expire;
- the Group transfers to a third party the right to receive the cash flows of the asset or assumes a contractual obligation to pay them out to a third party, fully and without delay, and (a) transfers substantially all the risks and rewards of the ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of the financial asset, but transfers control over it.

When the Group transfers to a third party the right to receive the cash flows of the financial asset and neither transfers nor retains substantially all the risks and rewards or has transferred its control, the asset is recognised in the financial statements of the Group to the extent of its continuing involvement with the asset In this case, the Group recognises also a corresponding liability. The transferred asset and the corresponding liability are carried so to reflect the rights and the obligations that still belong to the Group.

When the Group's continuing involvement takes the form of a guarantee for the transferred asset, this involvement is recognised at the lower of the initial carrying amount and the maximum amount of the consideration that the Group could be obliged to pay.

4. Accounting principles (Continued)

Impairment losses on financial assets

At each reporting date, the Group assesses whether a financial asset or a group of financial assets are impaired. A financial assets or a group of financial assets must be considered impaired if there is an objective evidence of impairment resulting from one or more events occurred after the initial recognition ("loss event") and this loss event has an impact, which can be reliably estimated, on the future estimated cash flows of the financial asset or of the group of financial assets. Evidence of impairment can result from indications that the debtors face financial difficulties, inability to meet obligations, inability or delay in the payment of interest or of significant payments, likelyhood of bankruptcy proceedings or other forms of financial restructuring, and from observable data indicating a measurable decrease in future estimated cash flows, such as changes in economic context or conditions associated to a financial crisis.

Financial liabilities

Initial recognition and assessment

Financial liabilities within the scope of IAS 39 are classified, according to the case, as financial liabilities at fair value through income, loans and advances, or as derivatives indicated as hedging derivatives. The Group establishes the classification of its financial liabilities at the time of the initial recognition.

All financial liabilities are recognised initially at fair value; for loans and advances, the transaction costs directly imputable are added.

The financial liabilities of the Group include trade payables and other debts, current account overdrafts, loans and funding, guarantees given and derivative financial instruments.

Subsequent assessment

The subsequent assessment of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through income. Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities recognised initially at fair value with changes recognised in the income statement.
- Liabilities held for trading are those acquired for sale in the short term. This category includes derivatives underwritten by the Group that not are indicated as hedging derivatives in a hedging relationship as defined by IAS 39. Embedded derivatives that have been bifurcated are classified as financial instruments held for trading unless indicated as effective hedging derivatives.
- Gains or losses on liabilities held for trading are recognised in the income statement.
- Financial liabilities are recognised at fair value in the income statement from the date of their initial recognition only if the IAS 39 criteria are met.
- After initial recognition, they are measured at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.
- The amortised cost is calculated recognising any purchase discount, premium, fees or costs that are integral part of the effective interest rate. Amortisation to the effective interest rate is included in the financial charges in the income statement.

De-recognition

A financial liability is de-recognised when the obligation specified in the contract is extinguished, cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability are treated as

4. Accounting principles (Continued)

extinguishing the original financial liability, with a new financial liability being recognised. Any difference between the carrying amounts is recognised in the income statement.

Offsetting financial instruments

A financial asset and a financial liability can be offset and the net balance reported on the balance sheet, if there is a legal right to offset the amounts recognised in the accounts and there is the intention to extinguish the net residual, or to realize the asset and simultaneously extinguish the liability.

Fair value of the financial instruments

The fair value of financial instruments exchanged in an active market is assessed, at each reporting date, on the basis of market quotes or quotes of market-makers (ask price for long-term positions and bid price for short-term positions), with no allowance for transaction costs.

For financial instruments not exchanged in an active market, the fair value is assessed using some valuation technique. This can include:

- the use of recent transactions at market conditions;
- the comparison to the actual fair value of another instrument, effectively similar;
- analysis of discounted cash flows or other valuation models.

Fair value analysis of financial instruments and further details on their valuation are reported in Note 27.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent assessment

The Group uses derivative financial instruments, such as interest rate swaps, to hedge interest rate risks. Such derivative financial instruments are initially recognised at fair value at the date when the derivative contract is underwritten and, subsequently, are recognised at fair value. Derivatives are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses from changes in the fair value of derivatives are recognised directly in the income statement, except for the effective portion of cash flow hedges, which is recognised in the statement of comprehensive income.

For hedge accounting purposes, hedges are classified as:

- fair value hedges against the risk of change in the fair value of the underlying asset or liability or against an unrecognised irrevocable commitment;
- cash flow hedges, against exposure to the variability of the cash flows imputable to a specific risk associated to an asset or a liability recognised or a highly likely planned transaction or an exchange rate risk due to an unrecognised irrevocable commitment;
- hedges of a net investment in a foreign operation.

At the beginning of a hedging transaction, the Group designates and documents formally the hedge relationship, to which it plans to apply hedge accounting, its objectives in managing the risk and the strategy pursued. The documentation includes the identification of the hedging instrument, of the item or transaction hedged, of the nature of the risk and of the methods by which the company plans to assess the effectiveness of the hedge to offset the exposure to changes of the fair value of the hedged item or of the cash flows ascribable to the hedged risk. It is expected that these hedges will be highly effective in offsetting the exposure of the hedged item to changes in fair value or of the financial flows imputable to the hedged risk and are continually assessed to establish whether such hedges have demonstrated highly effectiveness in the periods for which they were recognised as hedging transactions.

4. Accounting principles (Continued)

Transactions that satisfy the criteria for hedge accounting are recognised as cash flows hedges.

The portion of gain or loss on the hedged instrument, relative to the effective hedge portion, is recognised in the statement of comprehensive income in the "cash flow hedge" reserve, while the portion not effective is recognised directly in the income statement between the other operating costs.

The amounts recognised in the statement of comprehensive income are transferred to the income statement in the period when the hedged transaction impacts the income statement, for example when expenses or revenues on the hedged instrument are recognised or when a planned sale takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognised in the statement of comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If it is no longer believed that the planned transaction or the commitment taken will take place, the accumulated gains or losses, already recognised in the cash flow hedge reserve, are transferred in the income statement. If the hedging instrument reaches maturity or is sold, cancelled or exercised without replacement, or if its designation as hedging instrument is revoked, the amounts previously recognised in the cash flow hedge reserve continue to be recognised until the transaction planned or the commitment taken impact the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition and takes into account any write-downs due to obsolescence or slow-moving items.

The cost of acquired finished products and goods is determined using the FIFO method.

Considering the services provided by the Group, the consolidated financial statements do not include semi-finished products.

Impairment losses on non-financial assets

At the end of each reporting period the Group assesses whether there is any indication of asset impairment. In such case, or in those cases when an annual impairment test is required, the Group prepares an estimate of the recoverable amount. The recoverable amount is the greater of the fair value of the cash-generating unit, net of the costs of sale, and its value-in-use. The recoverable amount is assessed for individual assets, except when such assets generate financial flows that not are largely independent from those generated by other assets or asset groups. If the carrying amount of an asset is greater than its recoverable amount, such asset is impaired and is therefore adjusted down to the recoverable amount.

To establish the value-in-use, the Group discounts to the current value the estimated future financial flows using a before-tax discount rate, which shows the market assessment of the current value of money and the specific risks of the asset. To establish the fair value net of sale costs, the Group take into account recent transactions carried out on the market. If it is not possible to identify such transactions, an appropriate valuation model is used. Such calculations are based on appropriate valuation multipliers, quoted stock prices for affiliated companies whose securities are traded on the market, and other available indicators of fair value.

The Group relies for its impairment test on detailed accounts and budget forecasts prepared separately for the individual cash-generating unit individual assets are allocated to. These accounts and budget forecasts cover usually a period of three years. For longer periods, a long-term growth rate is calculated and used to project the future cash flows beyond the third year.

Impairment losses of working assets, including impairment losses of inventories, are recognised in the income statement in the categories of cost consistent with the destination of the impaired asset. This does not apply to previously revalued fixed assets, if the revaluation was recognised in the statement of

4. Accounting principles (Continued)

comprehensive income and classified as revaluation reserve. In these cases the impairment itself is recognised in the statement of comprehensive income up to the value of the prior revaluation.

For assets other than goodwill, at the end of each reporting period, the Group assesses whether there are indications that previously recognised impairment losses have ceased (or decreased) and, if such indications are found, it estimates the recoverable amount. The value of an asset previously devalued can be restored only if there have been changes in the assumptions upon which the calculation of the recoverable amount was based, after recognition of the last impairment. The recovery of charge-offs cannot exceed the carrying amount that would have been assessed, net of amortisation, if no impairment had been recognised in previous periods. This recovery is recognised in the income statement unless the fixed asset is not recognised at its revalued value, in which case the recovery is treated as a revaluation surplus.

Goodwill is tested for impairment at least once a year (on 31 December) and more frequently when circumstances suggest that the recognised value might be impaired.

The impairment of goodwill is established by estimating the recoverable amount of the cash-generating unit (or cash-generating unit group) which goodwill was allocated to. If the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, impairment is recognised. The decrease in the value of goodwill cannot be restored in future periods.

Cash and short-term deposits

Cash and short-term deposits include cash in hand plus sight and short-term deposits with maturity not beyond three months.

For the purposes of recognition in the consolidated cash flows statement, the cash and cash equivalents are represented by cash as defined above.

Treasury shares

Buy-backs of own equity instruments (treasury shares) are recognised at cost and deducted from equity capital. The purchase, sale, or cancellation of treasury shares does not originate any profit or loss in the income statement. The difference between the purchase value and the consideration is recognised in the share premium reserve. Voting rights for treasury shares as well as the right to receive dividends are revoked. Stock options exercised during the period are allocated treasury shares.

Provisions for risks and charges

Provisions for risk and charge funds are carried out when the Group must meet a current legal or constructive obligation arising from a past event, an outflow of resources to meet such obligation is likely to occur and it is possible to obtain a reliable estimate of its amount. Where a provision for contingent charges is expected to be reimbursed, fully or in part, for example for risks covered by insurance policies, the reimbursement is recognised as a separate asset when, and only when, it becomes virtually certain. In this case, in the income statement, the expense relating to a provision is presented net of the amount recognised for the reimbursement.

Pension funds and other post-employment benefits

The Group contributes to the Italian post-employment benefit plan (a defined-benefit pension plan).

Gains and losses from actuarial calculations for both defined-benefit plans are fully recognised in the statement of comprehensive income in the period they are realised. These actuarial gains and losses are classified immediately as retained earnings and are not reclassified in the income statement in subsequent periods.

4. Accounting principles (Continued)

Past service costs are recognised as costs on a straight-line basis on the average accrual period of the right to benefits. If the benefits accrue immediately after introducing or changing the plan, past service costs are recognised immediately.

The liability for the defined benefits includes the current value (which uses a discount rate based on high quality bonds) of the defined-benefit obligation, less any costs not recognised for past service, subtracted the fair value of the assets servicing the plan to be used to directly discharge the obligations.

Capital management

The Group manages its capital using the "net financial indebtedness/equity ratio" (gearing). The net financial position consists of financial debts less cash and other financial credits as indicated in Note 21. Equity includes all items presented in the statement of financial position.

The Group's strategy is aimed at increasing its gearing ratio in the medium term, by reducing the financial leverage used when the Group was created and, therefore, reaching a level that would allow it to continue its ordinary operations, meet its investment commitments and enhance the investment value for its shareholders.

The Group keeps or changes its capital structure by issuing new shares or, subject to clearance by creditor banks, increasing or decreasing its investments in subsidiaries and acquiring/disposing of investments.

Amendments and new standards and interpretations

The accounting standards adopted in the preparation of the consolidated financial statements as of 31 December 2012 are consistent with those utilised in the preparation of the consolidated financial statements as of 31 December 2011 and 2010 of IVS Group Holding S.p.A., with the exception of:

i) the adoption as from 1 January 2012 of the following new standards, of amendments to existing standards in force and of interpretations:

- IAS 12—Deferred taxation: recovery of underlying assets

  The amendment clarifies the determination of deferred tax on investment property measured at fair value. This amendment introduces a rebuttable presumption that the carrying value of an investment property, measured using the fair value model foreseen by IAS 40, will be recovered through sale and that, consequently, the relative deferred tax asset should be valued on a sale basis. This presumption is rebutted if the investment property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the investment property over time, rather than realise these benefits through sale. The amendment becomes effective for annual periods beginning on or after 1 January 2012. The amendment did not have any impact on the Group's financial position or financial performance or disclosure.

- IFRS 1—Severe hyperinflation and removal of fixed dates for first time adopters

  The IASB has provided guidelines on how an entity should resume presentation of its IFRS financial statements when its functional currency is no longer subject to severe hyperinflation. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment did not have any impact on the Group.

- IFRS 7—Disclosures—Enhanced derecognition disclosure requirements

  The amendment requires additional disclosure about assets that have been transferred but not derecognised to enable users of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. The amendment requires disclosures about continuing involvement in derecognised assets to enable users to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised

4. Accounting principles (Continued)

assets. The amendment becomes effective for annual periods beginning on or after July 1st, 2011. The Group has no similar asset so there was no impact on the Group's financial statements.

ii) the adoption as from 1 January 2011 of the following new standards, of amendments to existing standards in force and of interpretations:

- IAS 24 "Related party transactions" (revised).

  The IASB issued an amendment to IAS 24 that clarifies the definition of a related party. The new definition emphasises a symmetrical view of related party relationships and clarifies the circumstances in which individuals and key management personnel are to be considered as related parties. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as is the reporting entity. The adoption of the amendment did not have any impact on the Group's financial position or financial performance.

- IAS 32 "Financial instruments: presentation" (revised).

  The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment did not have any impact on the Group's financial position or financial performance, because the Group does not have these type of instruments.

- IFRIC 14 "Prepayments of a minimum funding requirement" (revised).

  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Europe and, therefore, the amendment did not have any impact on its financial position or financial performance.

- Improvements to IFRS. In May 2010, the IASB issued its third omnibus of amendments to its Standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the Group's financial position or financial performance.

  - IFRS 3 "Business combinations": the measurement options available for non-controlling interests (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

  - IFRS 7 "Financial instruments—disclosures": the amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

  - IAS 1 "Presentation of financial statements": the amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

4. Accounting principles (Continued)

- Other amendments resulting from Improvements to IFRS to the following standards did not have any impact on the Group's accounting policies, financial position or financial performance:
  - IFRS 3 "Business combinations" (contingent consideration arising from business combinations prior to adoption of IFRS 3 (as revised in 2008));
  - IFRS 3 "Business combinations" (un-replaced and voluntarily replaced share-based payment awards);
  - IAS 27 "Consolidated and separate financial statements";
  - IAS 34 "Interim financial statements".
- The following interpretation and amendments to interpretations did not have any impact on the Group's accounting policies, financial position or financial performance:
  - IFRIC 13 "Customer loyalty programmes" (determining the fair value of award credits);
  - IFRIC 19 "Extinguishing financial liabilities with equity instruments.

The above amendments have had no impact on the Group's accounting policies, its financial position or its results for the periods.

Standards and interpretations issued but not yet effective up to the date of preparation of the Group's consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective.

IAS 1 "Presentation of financial statements—Presentation of items of other comprehensive income"

The amendments to IAS 1 change the grouping of items presented in the components of other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, the net profit on the hedging of net investments, exchange rate differences of foreign financial statements, the net profit for cash flow hedges and the net profit/loss arising from available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, the actuarial profit/loss on defined benefit plans and the revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or financial performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 28 (2011) "Investments in associates and joint ventures" (revised in 2011)

As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities, IAS 28 has been renamed and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments become effective for annual periods beginning on or after 1 January 2013.

IAS 32 "Offsetting financial assets and liabilities—Amendments to IAS 32"

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". These amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments should not have an impact on the Group's financial position or its results for the period. They become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 "Government Loans—Amendments to IFRS 1"

This amendment requires first time adopters to apply the requirement in IAS 20 "Accounting for government grants and disclosure of government assistance" prospectively to loans entered into on or after the date of transition to IFRS. If the entity obtained the information necessary to apply the requirements to a government loan as a result of a past transaction at the time of initially accounting for that loan, it may

4. Accounting principles (Continued)

choose to apply IAS 39 and IAS 20 retrospectively to that loan. The exemption will give first-time users the benefit of not having to measure government loans retrospectively with a below-market rate. The amendment becomes effective for annual periods beginning on or after 1 January, 2013. The amendment did not have any impact on the Group.

IFRS 7 "Disclosures—Offsetting financial assets and liabilities—Amendments to IFRS 7"

These amendments require entities to disclose rights of set-off and related arrangements (for example guarantees). These disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on the entity's financial position. The new disclosure is required for all financial instruments that are offset in accordance with IAS 32 "Financial instruments: Presentation". The disclosure is required also for financial instruments that are subject to executive master netting agreements or similar arrangements, regardless of their being offset in accordance with IAS 32. These amendments should not have an impact on the Group's financial position or its results for the period. They become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 "Consolidated financial statements", IAS 27 (2011) "Separate financial statements"

IFRS 10 replaces the portion of IAS 27 "Consolidated and separate financial statements" that addresses the accounting for consolidated financial statements. It also deals with the issues raised in SIC-12 "Consolidation—special purpose entities."

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. On the basis of a preliminary analysis, IFRS is not expected to have any impact on equity investments currently held by the Group.

This Standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 "Joint arrangements"

It replaces IAS 31 "Interests in joint ventures" and SIC-13 "Jointly-controlled entities—non-monetary contributions by venturers".

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

The application of this Standard will have an impact on the Group's financial position. This is due to the cessation of proportionately consolidating the joint venture Time Vending S.r.l. which must be accounted for using the equity method. This Standard applies to annual reporting periods beginning on or after 1 January 2013, with retroactive application to joint arrangements held on the date of initial application. It is estimated that the impact of IFRS 11 on the current financial year (which will be the comparative period in the financial statements as at 31 December 2013) will result in a reduction in revenues equal to one thousand and in an increase in the operating result equal to Euro 159 thousands as the result of the joint ventures will no longer be included in the operating result. Current assets and current liabilities will be reduced by Euro 170 thousand and Euro 245 thousands, respectively, while the impact on non-current assets will be Euro 125 thousand and non-current liabilities will be reduced by Euro 27 thousand.

IFRS 12 "Disclosure of interests in other entities"

It includes all of the disclosure requirements about consolidated financial statements that were previously covered by IAS 27, as well as all those that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint ventures, associates and structured entities. A number of new disclosures are also required. The Standard will have no impact on the Group's financial

4. Accounting principles (Continued)

position or its results for the period. This Standard becomes effective for annual periods beginning on or after January 1st, 2013.

IFRS 13 "Fair value measurement"

It establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently considering the impact that this principle will have on its financial position and results for the period but, on the basis of a preliminary analysis, no significant effect is expected. This Standard becomes effective for annual periods beginning on or after January 1st, 2013.

IFRIC 20 "Stripping costs in the production phase of a surface mine"

This interpretation applies to stripping costs incurred in surface mining activity during the production phase of the mine. The interpretation considers how to account for the benefits arising from the stripping activity. This interpretation becomes effective for annual periods beginning on or after January 1st, 2013. The new interpretation has no impact on the Group.

Annual improvements May 2012

These improvements will have no impact on the Group. They include:

- IFRS1 "First-time adoption of International Financial Reporting Standards". This improvement clarifies that an entity that has stopped applying IFRS in the past and chooses, or is required, to apply IFRS again, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.
- IAS 1 "Presentation of financial statements". This improvements clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
- IAS 16 "Property, plant and equipment". This improvement clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
- IAS 32 "Financial instruments: presentation". This improvement clarifies that taxes related to a distribution to holders of equity instruments are accounted for in accordance with IAS 12 Income Taxes.
- IAS 34 "Interim financial statements". This improvement aligns the disclosure requirements for segment assets and segment liabilities in interim financial reports. It is also designed to ensure that interim disclosure is aligned with annual disclosure.

These improvements become effective for annual periods beginning on or after January 1st, 2013.

5. Business Combinations

Year 2012

The main business combinations that took place during the year are listed below, which are related to:

– acquisition by IVS Group S.A.:
  - 70% of Fast Service Italia S.r.l., including a put/call option over the minorities;
  - 100% of S.Italia S.r.l;

– acquisition by IVS Italia S.p.A.:
  - 100% of Mr Vending S.r.l.;

5. Business Combinations (Continued)

- 100% of 20.10 Venidng S.r.l.
- ten Italian business units (Caffèespresso, DAG1, Ovdamatic, Botti, Brescia Vending, Coffee Time, Servicaffè, DAG2, Water Point, D.A.L.):

– acquisition by Eurovending S.r.l. of a business unit (D.M.C.);

– acquisition by the Spanish subsidiaries of two business units (J.A.V.Service 2000 and Nuestro Cafe-Carbaga).

The purchase price for the acquisition of the investments amounted to Euro 56,403 thousand for the year including:

– Euro 39,118 thousand spent by the Company to acquire 70% of Fast Service Italia S.r.l. including a put/call option over the minorities;

– Euro 2,395 thousand spent by the Company to acquire 13% of the French subsidiary IVS France Sas;

– Euro 2,707 thousand spent by the Company to acquire 30% of the Spanish subsidiary Emmedi SA;

– Euro 3,078 thousand spent by the Company to acquire 22% of the Spanish subsidiary DAV SA;

– Euro 4,964 thousand spent by the Company to acquire 100% of S.Italia S.r.l.;

– Euro 3,786 thousand spent by IVS Italia S.p.A. to acquire 100% of Mr Vending S.r.l.

– Euro 28 thousand spent by IVS Italia S.p.A. to acquire 15% of Metroshopping S.r.l.;

– Euro 327 thousand spent by IVS Italia S.p.A. to acquire 100% of the share capital of 20.10 Vending S.r.l.;

– Euro 100 spent by IVS Italia S.p.A. to acquire 1% of the French subsidiary SCI+39 Sas;

and investments in business units for a total of Euro 6,843 thousand, including:

– Euro 5,255 thousand spent by IVS Italia S.p.A. and Eurovending S.r.l. to acquire Italian business units.

– Euro 1,588 thousand spent by the Spanish subsidiaries to acquire business units.

As of 31 December 2012 the outstanding amount for the acquisition of the above investments and business units totalled Euro 24,544 thousand broken down as follows:

– Euro 22,481 thousand to acquire Fast Service italia S.r.l. (of which Euro 7.558 thousand related to the estimate of the outstanding amount to acquire the remaining 30% as described below);

– Euro 278 thousand to acquire Mr Vending S.r.l.;

– Euro 247 thousand to acquire equity investments in previous years (Italdrink Euro 233 thousand and ODA Euro 14 thousand);

– Euro 1,206 thousand to acquire Italian business units;

– Euro 332 thousand to acquire Spanish business units.

5. Business Combinations (Continued)

The fair value of the assets and liabilities of the four main new equity investments and business units at the acquisition date were as follows:

	Fair value recognised at time of acquisition				
	Final				
(in thousands of Euro)	**Fast Service Italia S.r.l.**	**S.Italia S.r.l.**	**Mr Vending S.r.l.**	**20.10 Vending S.r.l.**	**Acquisition of business units 2012**
Net fixed assets	44,799	3,905	4,208	501	3,192
Deferred tax assets	66	415	465	79	—
Other non-current assets	557	0	—	—	—
Current assets	5,076	3,552	4.553	126	297
Non-current liabilities	(15,224)	(660)	(1,997)	(27)	(20)
Current liabilities	(5,314)	(6,237)	(5,106)	(588)	(67)
Non-controlling interests	—	—	—	—	—
Goodwill	9,158	3.989	1.663	236	3,441
Purchase price	**39,118**	**4,964**	**3,786**	**327**	**6,843**
Analysis of cash flows of the acquisition:					
Net cash acquired (included in cash flows from investing activities)	166	(1,.971)	628	64	—
Contractual price	(31,807)	(4,964)	(3,786)	(327)	(6,843)
Fair Value of Put and Call as of 31-03-2012	(7,311)	—	—	—	—
Outstanding amount as of 31 December 2012	22,481	—	278	—	1,538
Fair Value Adj on "put/call option" and debt	(880)	—	—	—	—
Net cash flow for the acquisition	**(17,351)**	**(6,935)**	**(2,880)**	**(263)**	**(5,305)**

No write-off was applied to trade receivables as these are considered realizable in full.

The tables below show the impacts of the four main equity investment acquisitions on consolidated revenue and operating profit:

Effects of consolidating on the consolidated financial statements from the control date of:

(in thousands of Euro)	**Fast Service Italia S.r.l.**	**S.Italia S.r.l.**	**Mr Vending S.r.l.**	**20.10 Vending S.r.l.**	**Total**
Revenue	3,378	5,503	642	87	9,610
Operating Result	3,755	2,409	221	72	6,457

Effects of consolidating on the consolidated financial statements as of 1 January 2012:

(in thousands of Euro)	**Fast Service Italia S.r.l.**	**S.Italia S.r.l.**	**Mr Vending S.r.l.**	**20.10 Vending S.r.l.**	**Total**
Revenue	786	1,450	5,560	262	8,058
Operating Result	744	(220)	(667)	(108)	(251)

Based on the above and in compliance with accounting standards IAS 27 and IFRS 3, a decision was made to consolidate the financial statements of the subsidiary Fast Service Italia S.r.l as if the investment was already equal to 100% as of 31 December 2012.

It should be noted that the "put and call" option on the non-controlling interest of the subsidiary Fast-Service, exercisable upon approval of the 2013 financial statements was classified as "Other non-current liabilities".

5. Business Combinations (Continued)

The acquisition contract for Fast Service Italia S.r.l. also includes an earn-out to pay to sellers based on the renewals that are obtained in the next five years beyond the dates currently agreed on concessions relative to Grandi Stazioni and/or Cento Stazioni. Since this element is subject to the continuation of non-controlling shareholders in the subsidiary's share capital as of the renewal date (and thus as an alternative to the IVS Group's exercising acquisition of the non-controlling interest) it will only be measured when the put and call is extinguished without being exercised.

The transaction costs related to the abovementioned operations were charged to the income statement under the heading "Other non-recurring income/expenses" and are included in the cash flows from operating activities in the Statement of cash flows.

Year 2011

The main business combinations that took place during the year related to:

– acquisition by the newco Coin Partecipazioni S.p.A. of the Coin Service Group;

– acquisition by IVS Italia S.p.A. of three business units (GRA, SicilCoffee and CoffeOffice);

– acquisition by IVS Italia S.p.A. of 70% of Metroshopping S.r.l.;

– acquisition by IVS Italia S.p.A. of 100% of Automatica Service S.r.l., which was then merged into the acquirer;

– acquisition by DDS of a business unit, B.E. S.r.l. of Belfiore.

The merger of Food System S.r.l. and BVending S.r.l. into IVS Italia S.p.A. and the latter's acquisition of a further 6.32% of Ciesse Caffè S.r.l. do not qualify as business combinations under IFRS 3.

Cash outflows for the equity investments came to Euro 11,658 thousand for the year, including:

– Euro 192 thousand spent by IVS Italia S.p.A. to acquire 6.32% of Ciesse Caffè;

– Euro 7 thousand spent by IVS Italia S.p.A. to acquire 70% of Metroshopping S.r.l.;

– Euro 315 thousand spent by IVS Italia S.p.A. to acquire 100% of Automatica Service S.r.l.;

– Euro 8,702 thousand and Euro 2,090 thousand spent by Coin Partecipazioni S.p.A. to acquire 62% of Coin Service S.p.A. (Empoli) and 33% of Coin Service Nord S.p.A. (Empoli), respectively, gross of cash acquired;

– Euro 352 thousand to settle acquisitions made in previous years.

Cash outflows for business units came to Euro 1,801 thousand for the year, including:

– Euro 704 thousand to acquire the GRA business unit;

– Euro 419 thousand to acquire the SicilCoffee business unit;

– Euro 53 thousand to acquire the Coffee Office business unit;

– Euro 136 thousand spent by DDS to acquire the B.E business unit;

– Euro 489 thousand spent by IVS Italia S.p.A. to settle its business unit acquisitions of previous years.

The outstanding financial liabilities for the acquisition of the above-mentioned business units total Euro 21 thousand at the reporting date, while those for the prior year acquisitions of equity investments amount to Euro 247 thousand (Italdrink Euro 233 thousand and ODA Euro 14 thousand).

5. Business Combinations (Continued)

The main effects of the current year's acquisitions of the investments in the Coin Service Group, Automatica Service S.r.l. and Metroshopping S.r.l. and the business units on the consolidated financial statements are as follows:

	Acq. of Coin Group		Acq. of Automatica Service		Acq. of Metroshopping		IVS Italia's acq. of business units		DDS S.p.A.'s acq. of business units	
(€'000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Net non-current assets	22,460	22,460	46	86	8	9	430	547	74	84
Current assets	9,283	9,283	60	60	46	46	—	—	—	—
Non-current liabilities	(479)	(479)	(5)	(5)	(52)	(52)	(11)	(11)	—	—
Current liabilities	(29,159)	(29,159)	(87)	(87)	—	—	(67)	(67)	—	—
Non-controlling interests	—	(549)	—	—	—	—	—	—	—	—
Acquisition cost	—	(10,792)	—	(315)	—	(7)	—	(1,186)	—	(147)
Goodwill		**(9,236)**		**(261)**		**(4)**		**717**		**63**

With reference to the Coin acquisition, the identified fair values are not dissimilar to the relevant carrying amounts since the assets and liabilities are almost exclusively of a financial nature and, therefore, their carrying amounts already approximate the related fair value. The Group has identified no intangible assets to which the difference between the acquisition cost and relevant portion of acquired net assets could be allocated.

This was assessed also in the light of the findings of a due diligence carried out, which confirm that there are no intangible assets that can be separated from or that are based on contractual/legal rights to the targets. Goodwill is justified by their growth potential in the financial sector and business development opportunities, including through the synergies that can be achieved with the IVS Group's distribution network in Italy.

Moreover, due to the different nature of that business with respect to the Group's core operations, management deemed it correct to allocate the related goodwill to a separate CGU. This CGU was tested for impairment and no recoverability issues have been identified, including after a sensitivity analysis.

The Coin acquisition cost is made up as follows:

Acquisition price	10,792
Acquired cash	(6,077)
Net consideration transferred	**4,715**

The effects of consolidating the Coin group companies on the 2011 consolidated financial statements are as follows:

Revenue	7,234
Profit for the year	576

Had these companies been consolidated from 1 January 2011, the following effects on the Group's 2011 consolidated income statement would have emerged:

Revenue	2,129
Profit for the year	239

Year 2010

The main business combinations that took place during the year related to:

– IVS Italia's acquisition of a business unit (Automatic Service);

5. Business Combinations (Continued)

– IVS Italia's acquisition of 100% of BVending S.r.l.;

– Parodis' acquisition of a business unit (JCL Distribution).

IVS Italia's acquisition of the remaining 20% of IVS Serida S.r.l. and the subsequent merger of IVS Serica S.r.l., Italdrink S.r.l. and O.D.A. S.r.l. into IVS Italia S.p.A. do not qualify as business combinations under IFRS 3.

Cash outflows for the acquisition of investments and the above-mentioned business units came to Euro 515 thousand and Euro 1,685 thousand for the year, respectively. The latter figure includes Euro 515 thousand for BVending S.r.l., Euro 185 thousand for the Automatic Service business unit and Euro 500 thousand for the JCL business unit acquired by the French subsidiary Parodis.

The following table summarises the effects of the acquisition of the investment in BVending S.r.l. on 2 November 2010 by IVS Italia S.p.A. on the consolidated financial statements:

	Acquisition of BVending S.r.l.	
(€'000)	**Carrying amount**	**Fair value**
Net non-current assets	226	226
Current assets	2	2
Non-current liabilities	(63)	(63)
Current liabilities	(7)	(7)
Goodwill	396	396
Acquisition cost	—	(515)
Badwill		**39**

6. Intangible Assets

The tables below set forth the changes in Intangible assets for the year ended 31 December 2012, 2011 and 2010:

(€'000)	Research, development and advertising costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Customer list	Other	Total
Carrying amount at 31 December 2009	**26**	**753**	**226**	**11,444**	**402**	**12,851**
Additions	21	227	18	122	85	473
Disposal						
Change in consolidation scope	—	—	—	—	—	—
Reclassifications						
Depreciation	(11)	(488)	(77)	(1,577)	(31)	(2,184)
Carrying amount at 31 December 2010	**36**	**492**	**167**	**9,989**	**456**	**11,140**
Additions	23	477	63	168	147	878
Disposal						
Change in consolidation scope	—	—	—	—	(11)	(11)
Reclassifications	—	—	—	285	(285)	—
Depreciation	(14)	(516)	(68)	(1,639)	(44)	(2,281)
Carrying amount at 31 December 2011	**45**	**453**	**162**	**8,803**	**263**	**9,726**
Additions	7	621	39	0	344	1,011
Disposal			(12)			(12)
Change in consolidation scope		46		40,815	883	41,744
Reclassifications	177	50	(50)	63	(338)	(98)
Amortisation	(52)	(504)	(52)	(3,368)	(58)	(4,034)
Carrying amount at 31 December 2012	**177**	**666**	**87**	**46,313**	**1,094**	**48,337**

The significant increase of the Customer list in 2012 is due to acquisitions and business combinations made during the year which as of 31 December 2012 accounted for a net contribution of the caption totaling Euro 37,510 thousand.

The following table summarizes the changes arising from the above-mentioned transactions:

(in thousands of Euro)	Customer list
Transaction	
Acquisition of Fast Service Italia S.r.l.	39,363
Acquisition of S.Italia S.r.l.	617
Acquisition of Mr Vending S.r.l.	257
Acquisition of 20.10 Vending S.r.l.	37
Acquisition of business units by IVS Italia S.p.A.	534
Acquisition of Eurovending business unit	7
Total	**40,815**

7. Goodwill and impairment test

The tables below set forth the changes in Goodwill for the year ended 31 December 2012, 2011 and 2010:

(€'000)	Carrying amount
As of 31 December 2009	**284,620**
Additions/change in consolidation scope	745
Sales/decreases	—
Impairment losses	257
Reclassifications	—
As of 31 December 2010	**285,622**
Additions/change in consolidation scope	10,306
Sales/decreases	—
Impairment losses	—
Reclassifications	—
As of 31 December 2011	**295,928**
Additions/change in consolidation scope	18,591
Sales/decreases	—
Impairment losses	—
Reclassifications	275
As of 31 December 2012	**314,794**

IAS 36 requires that goodwill recognised as a result of a business combination to be allocated to each of the CGUs benefiting from the combination synergies, regardless of which CGU or group of CGUs the assets and liabilities of the acquiree are allocated to (a CGU is the smallest group of assets which generates cash flows that are largely independent of those generated by other assets and can be used to calculate value in use).

Up to 2010, the Group identified two CGUs: one for the entire consolidation scope of IVS Italia S.p.A. and the other for the remaining companies controlled by IVS Group Holding S.p.A.. In 2011, it revised its classification in order to improve the likeliness between the CGUs and its operating segments, i.e. each of its components:

– that engages in business activities from which it may earn revenues and incur expenses;

– whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

– for which discrete financial information is available.

Based on this analysis, the Group has identified the following CGUs, to which assets, liabilities and cash flows have been allocated and on which basis the Group's strategic plan has been prepared and which correspond to the operating segments for which disclosure is provided:

- CGU Italy, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in Italy;
- CGU France, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in France;
- CGU Spain, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in Spain;
- CGU Coin, which comprises the collection and distribution of coins (coin management), counting of coins for third parties and cash-in-transit services.

7. Goodwill and impairment test (Continued)

Goodwill allocated to each CGU for the years ended 31 December 2012, 2011 and 2010 is as follows::

	As of 31 December		
(in thousands of Euro)	**2012**	**2011**	**2010**
CGU Spain	6,787	6,684	6,684
CGU France	15,624	15,348	15,348
CGU Italy	283,119	264,632	263,590
CGU Coin	9,264	9,264	—
Total	**314,794**	**295,928**	**285,622**

Year 2012

The change in this caption is mainly due to the following non-recurring transactions:

- IVS Group S.A. acquisition of Fast Service Italia S.r.l. (Euro 9,158 thousand) and S.Italia S.r.l. (Euro 3,989 thousand);
- IVS Italia S.p.A. acquisition of Mr Vending S.r.l. (Euro 1,663 thousand) and 20.10 Vending S.r.l. (Euro 236 thousand);
- IVS Italia S.p.A. acquisition of various business units—Euro 3,280 thousand;
- Eurovending S.r.l. acquisition of a business unit—Euro 43 thousand
- Acquisition of two companies by two Spanish subsidiaries—Euro 111 thousand.

The goodwill recognised from the acquisition of S.Italia S.p.A., Fast Service Italia S.r.l., Mr Vending S.r.l., 20.10 Vending S.r.l. and that from the business units acquired by IVS Italia S.p.A. and Eurovending S.r.l. is attributable to the synergies and other economic benefits resulting from combination of assets and commercial transactions with those of the Group and was allocated to the CGU "Italy".

The recoverable amounts of the CGUs were determined considering their value in use, from the point of view of the entity that carries out the business, for which it assumes a value proportionate to the expected cash flows arising from its continued use and disposal at the end of activities. The Group used the projected cash flows included in the Company's 2013-2015 business plan to calculate the value in use of the four CGUs and extrapolated the cash flows after three years in perpetuity assuming cash flows in line with those of the business plan's third year.

Specifically, these flows were the sum of: *(i)* adjusted forecast NOPLAT (net operating profit less adjusted taxes) for 2015 (adjusted considering the Group's scheduled depreciation plan), *(ii)* investments equal to the maintenance amortisation. No changes in working capital were foreseen in the calculation of the *Terminal Value*. The resulting cash flow was projected to grow by factor g equal to 1%.

7. Goodwill and impairment test (Continued)

The discount rate applied to the projected cash flows is the same for all the CGUs since debt is managed at Group level. Calculation of the rate is shown in the table below; it was determined using the expected average indebtedness:

	As of 31 December	
WACC components	**2012**	**2011**
Risk free rate	4.5%	7.11%
Market risk premium	5.0%	5.0%
Unlevered Beta	0.47	0.50
Cost of equity	**10.8%**	**11.1%**
Cost of debt	5%	4.3%
Tax effect	27.50%	27.50%
Cost of debt after tax	**3.6%**	**3.1%**
Weight D/(D+E)	46.5%	45.2%
Weight E/(D+E)	53.5%	54.8%
WACC	**6.96%**	**7.51%**

The yield rate for 10-year government bonds at the start date of the business plan was used as the risk free rate.

An unlevered Beta of 0.47 was used, recalculated considering a leverage effect based on the sector's average debt/equity ratio.

The business plan assumptions include an increase in turnover over the three years from 2013-2015 in line with previous years and an upturn in gross profit compared to the 2012 actual figure. Operating costs are expected to increase in line with the Group's forecast growth.

The Group determined the recoverable amount using the Unlevered Discounted Cash Flow model. For goodwill impairment test purposes, the recoverable amount was assumed to be equal to the relevant enterprise value, which is the mathematical sum of the present value of the cash flows generated by ordinary operations ("operating value").

No need for the recognition of impairment losses has emerged from the comparison of the carrying and recoverable amounts.

Sensitivity analysis

The Group performed a sensitivity analysis of the estimated recoverable amount considering the current and forecast economic situation and the results of the impairment tests for 2012.

At 31 December 2012, assuming a g rate constant at 1%, a 0.5% increase in WACC would not lead to the carrying amount exceeding the recoverable amount for any CGU. The same result would be caused by a deterioration of 5% in cash flows.

The discount rates that make the CGUs' recoverable amounts equal to their carrying amounts are set out in the following table:

	As of 31 December	
	2012	**2011**
CGU Spain	9.46%	10.36%
CGU France	7.60%	9.21%
CGU Italy	7.60%	7.88%
CGU Coin	10.89%	15.24%

7. Goodwill and impairment test (Continued)

To review its *impairment* indicators the Group takes into consideration the relationship between its market capitalisation and its carrying amount, among other factors. At 31 December 2012, the Group's market capitalisation was below the carrying amount of shareholders' equity, a situation which would indicate a potential impairment of goodwill and operating segment assets. Despite this, based on the above analysis, the Group decided not to reduce the goodwill and other assets for the CGU in question at 31 December 2012.

Year 2011

The recoverable amounts of the CGUs were determined considering their value in use, from the point of view of the entity that carries out the business, for which it assumes a value proportionate to the expected cash flows arising from its continued use and disposal at the end of activities. The Group used the projected cash flows included in the Company's 2012-2014 business plan to calculate the value in use of the four CGUs and extrapolated the cash flows after three years in perpetuity assuming cash flows in line with those of the business plan's third year. Specifically, these flows were the sum of: *(i)* adjusted forecast NOPLAT (net operating profit less adjusted taxes) for 2014 (adjusted considering the Group's scheduled depreciation plan); *(ii)* investments equal to the maintenance amortisation. No changes in working capital were foreseen in the calculation of the terminal value. The resulting cash flow was projected to grow by factor g equal to 1%.

The 7.51% discount rate applied to the projected cash flows of all CGUs is shown in the following table and was calculated using the expected average indebtedness.

WACC components	IVS Group
Risk free rate	7.11%
Market risk premium	5.0%
Unlevered Beta	0.50
Cost of equity	**11.1%**
Cost of debt	4.3%
Tax effect	27.50%
Cost of debt after tax	**3.1%**
Weight D/(D+E)	45.2%
Weight E/(D+E)	54.8%
WACC	**7.51%**

The yield rate for 10-year government bonds at the start date of the business plan was used as the risk free rate.

An unlevered Beta of 0.50 was used, recalculated considering a leverage effect based on the sector's average debt/equity ratio.

The business plan assumptions include an increase in turnover over the three years from 2012 to 2014 in line with previous years and an upturn in gross profit compared to the 2011 actual figure. Operating costs are expected to increase in line with the Group's forecast growth.

The Group determined the recoverable amount using the Unlevered Discounted Cash Flow model ("UDCF"). For goodwill impairment test purposes, the recoverable amount was assumed to be equal to the relevant enterprise value, which is the mathematical sum of the present value of the cash flows generated by ordinary operations ("operating value").

No need for the recognition of impairment losses has emerged from the comparison of the carrying and recoverable amounts.

7. Goodwill and impairment test (Continued)

Sensitivity analysis

The Group performed a sensitivity analysis of the estimated recoverable amount considering the current and forecast economic situation and the results of the impairment tests for 2011.

Assuming a g rate constant at 1%, a 0.5% increase in WACC would lead the CGU Italy's carrying amount to exceed its recoverable amount by roughly Euro 7 million at the reporting date. The same effect would be caused by a deterioration of 5% in cash flows.

The carrying amounts of the other CGUs would not exceed their recoverable amounts as a result of material changes in the above-mentioned rates.

Based on the above analysis, the Group does not deem it necessary to impair the goodwill relating to the CGUs under examination.

The discount rates that make the CGUs' recoverable amounts equal to their carrying amounts are set out in the following table:

	Balancing out WACC
CGU Spain	10.36%
CGU France	9.21%
CGU Italy	7.88%
CGU Coin	15.24%

Year 2010

The change in this caption is mainly due to the following non-recurring transactions:

- acquisition by IVS Italia S.p.A. of the Automatic Service business unit (Euro 99 thousand);
- acquisition by IVS Italia S.p.A. of the investment in BVending S.r.l. (Euro 396 thousand);
- acquisition by Parodis of a business unit (Euro 250 thousand);
- the impairment losses mostly relate to the change in goodwill arising on consolidation recognised at 31 December 2009 for the investment in Italdrink S.r.l., merged into IVS Italia S.p.A. in 2010.

As the merger of IVS Serida S.r.l., Italdrink S.r.l. and O.D.A. S.r.l. into IVS Italia S.r.l. qualifies as a business reorganisation given that the first company was already wholly owned by IVS Italia S.p.A. and the other two by IVS Group Holding S.p.A., the carrying amounts of the investments in the 2010 consolidated financial statements are recognised in line with the carrying amounts in the 2009 consolidated financial statements.

The following table summarises the changes arising from the above-mentioned transactions:

Transaction	Goodwill	Customer list
Acquisition of Automatic Service business unit	99	16
Acquisition of business units by Parodis	250	41
Acquisition of BVending investment	396	65
Impairment loss on Italdrink S.r.l. goodwill	315	—
Impairment loss on investment in EurCoffee	(25)	—
Other transactions, including reclassifications	(33)	—
Total	**1,002**	**122**

Captions "Industrial patents and intellectual property rights" and "Concessions, licences, trademarks and similar rights" mainly consist of costs incurred by IVS Italia S.p.A. to roll out the Navision business

7. Goodwill and impairment test (Continued)

management software, which will become the Group's sole IT system. The software is amortised on a straight-line basis over three years.

For the annual impairment test purposes, goodwill acquired in business combinations was allocated to one of the two CGUs, carrying out the related impairment tests required by IAS 36 based on the carrying amounts and cash flows of the "IVS Italia consolidated" and "Other group companies" CGUs.

The Italian companies acquired new business units in 2010, generating total goodwill of Euro 127 thousand.

In 2010, the French subsidiary Parodis acquired a business unit, generating total goodwill of Euro 250 thousand.

The recoverable amounts of the two CGUs were determined considering their value in use. The Group used the projected cash flows included in the Company's 2011-2013 business plan to calculate the value in use of the IVS Italia consolidated CGU and extrapolated the cash flows after three years in perpetuity assuming cash flows in line with those of the business plan's third year. Specifically, these flows were the sum of: *(i)* adjusted forecast NOPLAT (net operating profit less adjusted taxes) for 2013 (adjusted considering the Group's scheduled depreciation plan); *(ii)* investments equal to the maintenance amortisation. No changes in working capital were foreseen in the calculation of the terminal value. The resulting cash flow was projected to grow by factor g equal to 1%.

The 6.2% discount rate applied to the projected cash flows is shown in the following table and was calculated using the expected average indebtedness.

The main indicators used for impairment testing are as follows:

WACC components	IVS Group
Risk free rate	4.8%
Market risk premium	5.8%
Unlevered Beta	0.28
Cost of equity	**7.5%**
Cost of debt	6.6%
Tax effect	27.50%
Cost of debt after tax	**4.8%**
Weight D/(D+E)	46.7%
Weight E/(D+E)	53.3%
WACC	**6.2%**

The yield rate for 10-year government bonds at the start date of the business plan was used as the risk free rate.

An unlevered Beta of 0.28 was used, recalculated considering a leverage effect based on the sector's average debt/equity ratio.

The business plan assumptions include an increase in turnover over the three years from 2011 to 2013 in line with previous years and an upturn in gross operating profit compared to the 2010 actual figure. Operating costs are expected to increase in line with the Group's forecast growth.

The recoverable amount of the "Other group companies" CGU is the sum of the enterprise value of the investments not included in the consolidation scope of IVS Italia S.p.A..

The recoverable amount of the "Other group companies" CGU is the sum of the enterprise value of the investments held by IVS Group Holding S.p.A., calculated using technical factors. As the business units are

7. Goodwill and impairment test (Continued)

all leased to IVS Italia S.p.A., the related value in use was calculated by determining the number of monthly vends per machine leased to IVS Italia S.p.A. which was multiplied by a technical factor per vends/month. This is a generally accepted method for calculating sales prices in the vending sector.

Application of these valuation methods led to a positive difference between the recoverable amount and the carrying amount

Sensitivity analysis

The Group performed a sensitivity analysis of the estimated recoverable amount considering the current and forecast economic situation and the results of the impairment tests for 2010:

– The following considerations were made for the "IVS Italia Consolidated" CGU:
  - adoption of a more prudent value for the cost of equity (+0.5%) would not lead to a significant difference between the CGU's recoverable amount and carrying amount;
  - valuation of the CGU using the technical factors obtained from transactions carried out during the year applied to the gross operating profit (8.9x) would lead to a significant increase, even if this factor decreased by 5%.
– The 5% decrease of the factor applied to the vends per month would not lead to a difference between the carrying amount and recoverable amount of the "Other group companies" CGU.

As a result of the above analysis, the Group did not deem it necessary to change the amounts presented in the financial statements.

8. Property, plant and equipment

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Leased assets	Investment Properties	TOTAL
CARRYING AMOUNT AT 31 DECEMBER 2009	**6,090**	**1,177**	**83,746**	**11,861**	**624**	**41,744**	**1,169**	**146,411**
Additions	819	459	22,350	2,990	935	1,264		28,817
Disposals	(1,130)		(1,378)	(133)	(624)	(9)		(3,274)
Depreciation	(169)	(331)	(22,088)	(5,062)		(7,721)	(35)	(35,406)
Change in consolidation scope			228					228
Reclassifications	24,325		8,925	2,028		(35,278)		—
CARRYING AMOUNT AT 31 DECEMBER 2010	**29,936**	**1,304**	**91,783**	**11,684**	**935**	**—**	**1,134**	**136,776**
of which: leased at 31 December 2010	26,219	—	8,923	2,029	—	—	1,134	38,305
Additions	11,367	475	21,278	3,152	189			36,460
Disposals		(35)	(1,539)	(63)	(43)			(1,680)
Depreciation	(962)	(523)	(26,951)	(4,803)			(10)	(33,249)
Change in consolidation scope		643	244	782				1,669
Reclassifications	(164)	(25)	282	(12)	(81)			—
CARRYING AMOUNT AT 31 DECEMBER 2011	**40,177**	**1,839**	**85,096**	**10,740**	**1,000**	**—**	**1,124**	**139,976**
of which: leased at 31 December 2011	**34,804**	**—**	**5,252**	**3,149**	**—**	**—**	**1,124**	**44,329**
Additions	1,642	1,771	29,199	3,945	496			37,053
Disposals	(1,601)	(7)	(1,557)	(293)				(3,458)
Depreciation	(1,113)	(791)	(27,621)	(4,723)			(36)	(34,284)
Change in consolidation scope	(1,167)	63	11,974	608				11,478
Reclassifications		428	(332)	238	(511)			(177)
CARRYING AMOUNT AT 31 DECEMBER 2012	**37,938**	**3,303**	**96,759**	**10,515**	**985**	**—**	**1,088**	**150,588**
of which: leased at 31 December 2012	**24,208**	**882**	**9,146**	**2,998**	**—**	**—**	**1,088**	**38,322**

8. Property, plant and equipment (Continued)

Year 2012

2012 capital expenditure mainly involved industrial and commercial equipment, in which category all purchases of automated vending machines are classified. This expenditure is part of the Group's normal renewal of its machines, an increase in its business and part of the vending activity.

The carrying amount of property, plant and equipment under finance lease or rented, under leases that qualify as finance leases as per IFRS, is Euro 38,322 thousand. Such assets are mainly property, industrial and commercial equipment and other assets.

"Other assets" include vehicles, cars, office electronic equipment and furnishings and fittings.

Capitalised internal costs as part of *revamping* activities (for automated vending machines) totalled Euro 4.9 million (Euro 4.2 million in 2011).

Year 2011

2011 capital expenditure mainly involved industrial and commercial equipment, in which category all purchases of automated vending machines are classified. This expenditure is part of the Group's normal renewal of its machines, an increase in its business and part of the vending activity.

The carrying amount of property, plant and equipment under finance lease or rented, under leases that qualify as finance leases as per IFRS, is Euro 44,329 thousand. Such assets are mainly property, industrial and commercial equipment and other assets. The increase over the previous reporting date is mainly due to two new property leases, one signed by the Italian subsidiary DDS (Euro 2.7 million) and the other one by the French subsidiary SCI +39 (Euro 8.3 million). At 31 December 2010, these leases were classified as "Commitments and guarantees" as the subsidiaries were then not authorised to use the leased asset at that date.

"Other assets" include vehicles, cars, office electronic equipment and furnishings and fittings.
The useful lives of the Group's main items of property, plant and equipment are:

– buildings: 33 years

– industrial and commercial equipment: 6-7 years

– cars and vehicles: 4-5 years

Management revised the estimated useful lives adopted by the group companies during the year. The useful life of vending machines previously adopted by the French companies has been extended from five to six-seven years, in line with that adopted by the other group companies. The change in estimate has been applied prospectively from the current year. It led to a decrease in depreciation of Euro1.1 million in the consolidated financial statements of IVS GH and IVS ITA compared to the depreciation expense that would have been recognised had the change not been made.

Capitalised internal costs as part of revamping activities totalled Euro 4.2 million compared to Euro 1.9 million in 2010.

Year 2010

2010 capital expenditure mainly involved industrial and commercial equipment, in which category all purchases of automated vending machines are classified. This expenditure is part of the Group's normal renewal of its machines, an increase in its business and part of the vending activity.

The carrying amount of property, plant and equipment under finance lease or rented, under leases that qualify as finance leases as per IFRS, is Euro 38,305 thousand. Such assets are mainly property, industrial and commercial equipment and other assets. "Other assets" include vehicles, cars, office electronic equipment and furnishings and fittings.

8. Property, plant and equipment (Continued)

The useful lives of the Group's main items of property, plant and equipment are:

– Buildings: 33 years

– Industrial and commercial equipment: 6-7 years

– Cars and vehicles: 4-5 years

9. Equity investments

This caption includes the Group's share of equity (including goodwill) of the equity-accounted investees. These detail of the equity investments as of 31 December 2012, 2011 and 2010 is as follows:

	Consolidated carrying amount			Share of profit		
	As of 31 December			Year Ended 31 December		
(Euro'000)	2012	2011	2010	2012	2011	2010
Ciesse Caffè S.r.l.	161	162	48	—	79	1
Ristora System S.r.l.	2,479	2,437	2,398	42	39	0
Universo Vending S.r.l.	417	408	408	9	0	24
Espresso Service Proximitè	2,441	2,441	2,353	0	88	182
Other Investments	108	198	24			
Total	**5,606**	**5,646**	**5,231**	**51**	**48**	**207**

These investments are of a long-term and strategic nature. When an associate has finished its useful life, is no longer active and will be wound up, it is excluded from the consolidation scope and the related investment therein is impaired using the methods described earlier.

The following table gives details of the main financial highlights of the companies consolidated with the equity method:

	Total assets			Revenue			Profit (loss)		
	As of 31 December			Year Ended 31 December			Year Ended 31 December		
(Euro'000)	2012	2011	2010	2012	2011	2010	2012	2011	2010
Ciesse Caffè S.r.l.	na.	1,108	1,340	na,	2,505	2,388	na,	2	7
Ristora System S.r.l.	na.	2,412	2,277	na,	74	78	na,	140	131
UniversoVending S.r.l.	na.	6,504	6,092	na,	14,047	13,260	na,	34	94
Espresso Service Proximitè	na.	19,486	17,973	na,	31,069	27,060	na,	238	494
Total		**29,510**	**27,682**		**47,695**	**42,786**		**414**	**726**

n.a. not available at the date of approval of the IVS Group's 2012 consolidated financial statements

10. Non-current financial assets

These comprised the following as of 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	2012	2011	2010
Non-current securities	6,600	11,000	—
Non-current loans and receivables	2,887	2,203	916
Total	**9,487**	**13,203**	**916**

10. Non-current financial assets (Continued)

The non-current loans and receivables as of 31 December 2012, 2011 and 2010 mainly consist of guarantee deposits.

Non-current financial assets as of 31 December, 2012 are mainly composed of:

– loan to the associate Immobiliare Vending S.r.l. for Euro 2,242 thousand.

– loan of the joint-venture Time Vending S.r.l., consolidated with the proportional method, to IVS Italia S.r.l. for Euro 100 thousand;

– receivable for a life insurance policy for one of the directors of Fast Service Italia S.r.l. to be paid to the company, totalling Euro 544 thousand;

– bonds recognised by the subsidiary Coin Service S.p.A., purchased with the temporary cash surplus from coin management and later held against bank advances specifically granted by banks. Specifically, this caption includes bonds that mature after 31 December 2013, i.e., the Euro 6,600 thousand bonds subscribed with Banca di Credito Cooperativo di Cambiano that mature in 2014.

The large increase of Non-current securities occurred in 2011 over 2010 is due to the bonds recognised by the subsidiary Coin Service S.p.A., which were acquired with the temporary cash surplus arising from coin management activities. The subsidiary was then able to keep these bonds thanks to bank advances specifically disbursed. Specifically, this caption includes bonds that mature after 31 December 2012, i.e., the Euro 11 million bonds subscribed with Banca di Credito Cooperativo di Cambiano that mature from 2013 to 2014.

Based on the banks' proven intention to continue the credit lines servicing the investments and considering the lack of any restrictions (including legal) that may impair the companies' ability to hold the bonds to maturity, the directors can confirm the Group's actual intention and ability to hold such bonds to maturity, which were further confirmed at the reporting date. Accordingly, the bonds have been classified as held-to-maturity investments.

11. Inventories

Inventories were comprised of the following as of 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Raw materials, supplies and consumables	90	59	—
Finished goods	16,866	14,295	15,308
Spare parts	2,238	1,959	1,566
Total	**19,194**	**16,313**	**16,874**

The inventories balances mainly consist of food products, different models of automated vending machine, spare parts for the machines and, to a lesser degree, sundry materials such as work clothing and sundry accessories. No provision for inventory write-down has been made as the obsolescence risk is zero, given the high turnover rate of the goods and ongoing monitoring of the shelf life of products in the warehouse as per the Group's plan which complies with HACCP requirements.

12. Trade receivables

The following table gives a breakdown of trade receivables and the related allowance for impairment as of 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Third party customers	19,590	14,831	10,333
Associates companies	329	131	129
Parent companies	131	—	—
Allowance for doubtful accounts	(1,003)	(874)	(1,376)
Total	**19,047**	**14,088**	**9,086**

The group companies do not have significant risk concentration at the reporting date. Trade receivables, due within one year, do not usually bear interest and are generally paid after 30/60 days.

The significant increase in 2012 compared to the previous year is mainly due to receivables from various acquisitions made during the year Specifically, at 31 December 2012 the receivables of Fast Service Italia S.r.l. totalled approximately Euro 1.2 million, S.Italia S.r.l. Euro 1 million and Mr Vending S.r.l. Euro 1.6 million.

The receivables are reported net of an allowance for doubtful accounts of Euro 1,003 thousand; annual allowances are made by the single Group companies identifying in detail the receivables to write down and thus reflect a specific impairment.

The significant increase occurred in 2011 over the previous reporting date is mainly due to the Coin Service Group, whose trade receivables amounted to Euro 3.9 million at the reporting date.

They are shown net of the allowance for doubtful accounts of Euro 874 thousand. The group companies make annual accruals, identifying the receivables to be provided for on an individual basis.

The ageing of trade receivables at 31 December 2012, 2011 and 2010 is the following:

	As of 31 December					
	2012		**2011**		**2010**	
Trade receivables						
Not yet due	8,309	42%	4,788	32%	4,539	44%
Overdue by 0 to 30 days	1,900	10%	1,084	7%	520	5%
Overdue by 30 to 60 days	1,733	9%	994	7%	578	6%
Overdue by 61 to 90 days	738	4%	680	5%	447	4%
Overdue by more than 91 days	6,910	35%	7,285	49%	4,249	41%
Total	**19,590**	**100%**	**14,831**	**100%**	**10,333**	**100%**

13. Tax assets and liabilities

Tax assets are amounts due to the group companies by the tax authorities of the countries in which they reside for direct taxes which should be recovered in a reasonable timeframe. They amount to Euro 2,498 thousand, Euro 349 thousand and Euro 1,261 thousand respectively as of 31 December 2012, 2011 and 2010.

Tax liabilities relate to current taxes payables for the year due by the group companies to tax authorities. They are calculated using the rates enacted in the different countries in which the companies reside and amount to Euro 2,580 thousand, Euro 826 thousand and Euro 785 thousand respectively as of 31 December 2012, 2011 and 2010.

14. Other current assets

These comprised the following as of 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Receivables from others due within one year	2,980	2,779	2,773
Other current securities	21	21	21
Accrued income	208	221	35
Prepayments	3,993	3,416	2,614
Tax assets unrelated to income taxes	34,195	23,960	20,201
Total	**41,397**	**30,397**	**25,644**

Receivables from others mainly relate to guarantee deposits and advances to suppliers.

Prepayments and accrued income refer to costs incurred in advance, such as bank fees, maintenance instalments, utilities, sundry services, insurance, lease, automated vending machine location and slotting fees for automated vending machines, etc.

Tax assets unrelated to income taxes mostly consist of VAT assets which do not bear interest until their reimbursement has been formally claimed. They are usually settled on a quarterly basis with the relevant tax authorities. The increase over the periods is due to an extension in average collection times for quarterly reimbursements. As a matter of facts, payment by the tax authorities may take even more than 365 days from when the claim from reimbursement is filed.

15. Cash and cash equivalent

The following table shows cash and cash equivalents at 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Ordinary bank and postal accounts	6,287	3,738	4,468
Cash-in-hand and cash equivalents	8,324	7,689	6,840
Current accounts—Coin Group Coin Clearing	7,220	1,900	—
Coin Group coin deposit	6,986	22,800	—
Total	**28,817**	**36,127**	**11,308**

Ordinary bank deposits are mainly available on sight and bear interest at floating rates.

Cash-in-hand and cash equivalents are composed of cash collected from the sale of food and beverages from vending machines not yet deposited at banks at the reporting date.

Clearing current accounts are composed of current accounts used by the Coin Group to pay and collect the corresponding amount of pick-ups and deliveries of coins to customers.

The coin deposit is represented by coins stored in the *vault* of the Coin Group companies which as of the reporting date, based on pick-ups from customers, was completely available to the Group.

16. Net financial indebtedness

The Group's net financial indebtedness at 31 December 2012, 2011 and 2010 is as follows:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Current securities (Coin)	4,810	13,100	60
Cash and cash equivalents	28,817	36,127	11,308
Cash and current financial assets	**33,627**	**49,227**	**11,368**
Short term loans payables	(79,906)	(129,241)	(55,627)
Liabilities due to bond holders	(8,083)	—	—
Derivatives	(10,245)	(3,897)	(3,715)
Current financial indebtedness	**(98,234)**	**(133,138)**	**(59,342)**
Medium-long term loans payables	(113,682)	(147,812)	(170,603)
Liabilities due to bond holders	—	(134,290)	(131,880)
Liabilities towards shareholders for loans	—	(11,590)	(4,410)
Non-current financial indebtedness	**(113,682)**	**(293,692)**	**(306,893)**
Net financial indebtedness (*)	**(178,289)**	**(377,603)**	**(354,867)**
Held-to-maturity investments	6,600	11,000	—
Non-current loans and receivables	2,887	2,203	916
Other non-current financial assets	274	332	—
Net financial position	**(168,528)**	**(364,068)**	**(353,951)**

(*) Pursuant to CESR's recommendation dated 10 February 2005 ("Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses")

Year 2012

The Group's net financial position of Euro 168,528 thousand at the reporting date is mainly due to:

– the debt resulting from interest not yet paid by the Company for bonds expiring at the beginning of the year totalling Euro 8,083 thousand.

– the bank loan taken out by IVS Italia S.p.A. in 2008 for an original principal of Euro 200 million which has an outstanding amount of Euro 89,854 thousand at 31 December 2012;

– the BNL loan of Euro 21 million agreed by Vending System Italia S.p.A. with an outstanding amount of Euro 15,280 thousand at the reporting date;

– other minor loans agreed by the Italian subsidiaries Fast Service Italia S.r.l. and Mr Vending S.r.l. for a total of Euro 2,422 thousand and foreign subsidiaries for a total of Euro 1,443 thousand;

– the loan agreed by non-controlling shareholders to some Italian companies for Euro 1,872 thousand;

– finance leases and loans of Euro 19,630 thousand and Euro 11,961 thousand, respectively, agreed to purchase equipment by group companies;

– bank loans and borrowings of Euro 16,063 thousand for credit facilities;

– financial liabilities of derivatives recognised in the financial statements totalling Euro 10,245 thousand;

– a non-current loan due from the associate Immobiliare Vending S.r.l. totalling Euro 2,242 thousand.

16. Net financial indebtedness (Continued)

and the following asset and liability items related to the Coin operating segment:

– the Mediocredito loan agreed by Coin Partecipazioni S.p.A. with an outstanding amount of Euro 4,645 thousand at the reporting date;

– the loan agreed by non-controlling shareholders totalling Euro 3,587 thousand;

– finance lease contracts for purchasing equipment for Euro 572 thousand;

– liabilities to customers. totalling Euro 15,250 thousand, from coins picked up and lodged with the company's coin counting rooms whose value as of the reporting date had not been returned to the customer;

– trade receivables totalling Euro 287 thousand, for coins delivered to customers whose value at the reporting date had not been collected by Coin Group companies;

– bank loans and borrowings of Euro 10,895 thousand for credit facilities to manage cash flows related to Coin Group company business

– bonds recognised as financial assets totalling Euro 11,100 thousand;

– coins picked up from customers which at the reporting date were stored at the company's counting rooms totalling Euro 14,205 thousand.

Year 2011

The Group's net financial position of Euro 364,068 thousand at the reporting date is mainly due to:

– the bonds issued by the Company of Euro 134,290 thousand (including interest of Euro 11,434 thousand);

– the bank loan taken out by IVS Italia S.p.A. in 2008 for an original principal of Euro 200 million which has an outstanding amount of Euro 130,081 thousand at 31 December 2011;

– the BNL loan of Euro 21 million agreed by Vending System Italia S.p.A. with an outstanding amount of Euro 17,184 thousand at the reporting date;

– the Mediocredito loan agreed by Coin Partecipazioni S.p.A. with an outstanding amount of Euro 5,049 thousand at the reporting date;

– other minor loans agreed by foreign subsidiaries for a total of Euro 1,165 thousand;

– the Euro 16,911 thousand liability to West Control S.A., the financial company controlled by the shareholder West Group Participation S.A.;

– the loan from the shareholder Eurofinim S.r.l. of Euro 6,681 thousand;

– the loans from Crimo S.r.l. and other shareholders who are individuals, mainly disbursed during the year and totalling Euro 1,181 thousand;

– the loans from Finca S.p.A. totalling Euro 8,487 thousand at the reporting date;

– the loans from Cofincaf (the financial company of the Lavazza Group) totalling Euro 4,609 thousand at the reporting date;

– the liability to non-controlling shareholders of the Coin Group of Euro 3,710 thousand;

– finance leases and loans of Euro 16,794 thousand and Euro 15,920 thousand, respectively, agreed to purchase equipment by group companies;

– liabilities to customers of Coin Service S.p.A. of Empoli approximating Euro 26.9 million and arising from coins lodged with the company's coin counting rooms which have not yet been returned;

– bank loans and borrowings of Euro 33,966 thousand for credit facilities.

17. Share capital and reserves (Continued)

Year 2010

The Group's net financial position of Euro 353,951 thousand at the reporting date is mainly due to:

– the bonds issued by the Company of Euro 131,880 thousand (including interest of Euro 9,359 thousand), the last of which was issued in 2010 with a nominal amount of Euro 5 million;

– the bank loan taken out by IVS Italia S.p.A. in 2008 for an original principal of Euro 200 million which has an outstanding balance of Euro 149,064 million at 31 December 2010;

– the BNL loan of Euro 21 million agreed by Vending System Italia S.p.A. with an outstanding amount of Euro 17,890 thousand at the reporting date;

– the Euro 8,607 thousand liability to West Control S.A., the financial company controlled by the shareholder West Group Participation S.A.;

– the Euro 4 million loan from the shareholder Eurofinim S.r.l. granted at the end of the year;

– the loan from the shareholder Crimo S.r.l. with an outstanding amount of Euro 270 thousand;

– the liability to non-controlling shareholders of Euro 140 thousand;

– finance leases and loans of Euro 35,596 million agreed to purchase equipment by group companies;

– bank loans and borrowings of Euro 14,378 million for credit facilities.

17. Share capital and reserves

Merger between Italy1 Investment S.A. and IVS Group Holding S.p.A.

On 12 April 2012, the shareholders' meetings of Italy1 Investment S.A. and of IVS Group Holding S.p.A. resolved the merger by incorporation of IVS Group Holding S.p.A. into Italy1 Investment S.A.

A minority of the shareholders of Italy1 Investment S.A. exercised the right of redemption on the shares underwritten at the time of the IPO. This redemption regarded 3,199,011 class "A" shares which were re-acquired by Italy1 Investment S.A. for a total cost of Euro 31,720 thousand. Following this operation these shares were recorded by the company as treasury shares.

The exchange ratio established by the merger project resulted in the allocation to the sole shareholder of IVS Group Holding S.p.A. (IVS Partecipazioni S.r.l. now a S.p.A.) of No. 22,702,256 newly issued class "A" shares in Italy1 Investment S.A..

Italy1 Investment S.A. was a Luxembourg company listed on the Italian stock exchange (MIV) which held liquid resources gathered from the investors for the purpose of carrying out an extraordinary operation with an unlisted operating company (target company). Therefore, Italy1 Investment S.A. does not satisfy the one of the requisites necessary to qualify as a business combination as defined by IFRS 3.

The operation was classed for accounting purposes as a share-based payment (as defined by IFRS 2) by IVS Group Holding S.p.A.: therefore it is comparable to a share issue by the abovementioned IVS Group Holding S.p.A. in exchange for the net assets of Italy1 Investment S.A. and of its Belgian subsidiary. Consequently, these shares were considered as virtually assigned to the shareholders of Italy1 Investment S.A. (prior to the operation) in proportion to the equity investment acquired in the IVS Group.

Fundamentally, the operation is represented in a manner similar to the recording of a reverse asset acquisition foreseen by IFRS 3. Nevertheless, in the absence of a business combination, it is not possible to recognise goodwill and other intangible assets. Consequently, the eventual difference between the fair value of the shareholders' equity of Italy1 Investment S.A. prior to the acquisition and the *fair-value* of the capital instruments issued, is recorded in the income statement for the period.

The fair-value of the capital instruments issued amounts to Euro 130,510 thousand and represents the fair value of the shares that IVS Group Holding S.p.A. would have required to issue in order to obtain the

17. Share capital and reserves (Continued)

same exchange ratio in the company resulting from the operation, had this taken the legal form of an acquisition by IVS Group Holding S.p.A. of 100% of the shares of Italy1 Investment S.A..

The *fair-value* of the shareholders' equity of Italy1 Investment S.A. prior to the acquisition was as follows:

(in thousands of Euro)	Fair-Value of Italy1 Investment at 16 May 2012
Cash and cash equivalents	119,065
Other current assets	24
Derivative instruments (warrants)	(9,014)
Other liabilities	(5,042)
Net assets acquired	**105,033**

Given that the fair-value of the shareholders' equity of Italy1 Investment S.A. and of its Belgian subsidiary prior to the acquisition was lower than the fair-value of the capital instruments issued, the negative difference of Euro 25,477 thousand was recorded in the consolidated income statement of the period under the heading "Other non-recurring income/expenses".

Therefore shareholders' equity comprises the consolidated Group shareholders' equity of IVS Group Holding S.p.A., increased by the fair-value of the share capital increase carried out as part of the reverse asset acquisition. The share capital corresponds to that of Italy1 Investment S.A. given that, from a juridical/legal point of view, this must reflect the value per share of the capital effectively underwritten by the shareholders in the listed company.

Other share capital increases

The IVS Group Holding S.p.A. shareholders voted for various share capital increases between March and May released in cash for a total of Euro 135,705 thousand, of which Euro 1,230 thousand for share premium. These increases, together with the values retained from the previous year, following the non-recurring reverse asset acquisition between IVS Group Holding S.p.A. and Italy1 Investment SA, were reclassified as "Other Share Capital Reserves" in order to adjust the "Share Capital" and "Share Premium Reserve" as resulting from those of the merging Italy1 Investment SA.

During October and November a conversion option with "cashless" procedure was exercised for 4,500 warrants which generated the issue of 235 new Class A shares an a Euro 4 share capital increase and an Euro 2 thousands share premium reserve.

Share Capital

The Company has a share capital of Euro 386,892 comprised of 38,952,491 Class A Shares, 1,250,000 Class B2 Shares and 1,250,000 Class B3 Shares, in each case without indication of nominal value and with equal dividend rights and one vote per share. The Class A Shares are currently listed for trading on the Mercato Telematico degli Investment Vehicles or Investment Vehicles Market of the Italian Stock Exchange (Borsa

17. Share capital and reserves (Continued)

Italiana) under ticker symbol "IVS." The table below sets forth the beneficial ownership of the Guarantor according to the most recent information available to the Issuer.

	Class A Shares[1]		Class B2 Shares		Class B3 Shares	
Name of beneficial owner	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
IVS Partecipazioni S.p.A.[2]	23,046,739	63.8%	—	—	—	—
Founders[3]	1,250,000	3.5%	1,250,000	100.0%	1,250,000	100.0%
Free float on Borsa Italiana[4]	11,801,224	32.7%	—	—	—	—
Total	**36,097,963**	**100.0%**	**1,250,000**	**100.0%**	**1,250,000**	**100.0%**

(1) The Guarantor holds 2,854,528 Class A Shares (treasury shares) which do not vote.

(2) IVS Partecipazioni S.p.A. ("IVS Partecipazioni") is the vehicle which is beneficially owned by former IVS Group Holding shareholders including by Mr. Cesare Cerea and other members of our Board of Directors and senior management, including Messrs. Cesare Cerea, Massimo Paravisi, Massimo Trapletti and Antonio Tartaro. See "—IVS Shareholders' Agreement."

(3) Founders refer to certain founding shareholders of Italy1: Mr. Vito Gamberale, Mr. Giovanni Revoltella, ITA1 SV LP (a limited liability partnership organized under the laws of Guernsey and controlled by Dr. Roland Berger, Mr. Florian Lahnstein and Mr. Gero Wendenburg) and General PanEurope Limited (a company organized under the laws of Ireland and affiliated with Assicurazioni Generali S.p.A.). The number of Founders shares is given as of November 19, 2012, the last date on which the Guarantor has information. Pursuant to a shareholders' agreement by and between the Founders and IVS Partecipazioni, the Founders agreed to vote their Class B2 and Class B3 shares according to the written instructions of IVS Partecipazioni. See "—IVS Shareholders' Agreement."

(4) In addition to our Class A Shares which trade on the MIV segment of the Italian Stock Exchange, 14,995,500 Market Warrants (as defined under "—Market Warrants") trade on Borsa Italiana under ticker symbol "WIVS."

The share capital underwritten and paid up as of 31 December 2012 (including own shares held in portfolio) is comprised of No. 38,952,491 class "A" shares, No. 1,250,000 class "B2" shares and No. 1,250,000 class "B3" shares. These shares, without par value and with normal dividend rights, amount to a total of Euro 386,892.

The treasury shares acquired as a result of the reverse asset acquisition operation amount to Euro 31,720 thousand are comprised of No. 3,199,011 class "A" shares, equivalent to 8.5% of the total class "A" shares initially issued.

The class "A" shares are listed market shares without a nominal value.

It should be noted that on 16 November 2012 the shareholder IVS Partecipazioni S.p.A. paid IVS Group S.A. a non-refundable deposit of Euro 3,221 thousand to purchase treasury shares of IVS Group S.A. and not finalised as of the reporting date for 344,483 shares at a price of Euro 9.35 per share.

Conversion into market shares

The following conditions apply for the conversion into market shares of the shares issued in prior years in favour of the founding shareholders:

- Class B1 Shares shall be automatically converted into Class A Shares on the date falling 6 months after the date of completion of merger at a ratio of one Class A market share per Class B1 Share on 16 November 2012 in accordance with article 8 of the Company's statute.
- Class B2 Shares shall be automatically converted into Class A Shares at a ratio of one Class A Share per Class B2 Share upon confirmation by the Board of Directors that the per market shares volume-weighted average price quoted on the Italian Stock Exchange for any period of 20 trading days out of 30

17. Share capital and reserves (Continued)

consecutive trading days (whereby such 20 Trading Days do not have to be consecutive) equals or exceeds Euro 11.00;

- Class B3 shares shall be automatically converted into class A shares at a ratio of one class A share per class B3 share upon confirmation by the Board of Directors that the VWAP for any period of 20 Trading Days out of 30 consecutive Trading Days (whereby such 20 Trading Days do not have to be consecutive) equals or exceeds Euro 12.00.

Dividend rights

The Class "A", "B2" and "B3" shares all enjoy equal dividend rights.

Voting rights

The extraordinary operation foreseen by the Company Statute having been completed, the Class "A", "B2" and "B3" shares all enjoy equal voting rights .

Circulation restrictions

The Class "B2" and "B3" shares are held in *escrow,* awaiting the occurrence of the conditions for their release and conversion into Class "A" shares.

Stock exchange listing

The class "B2" and class "B3" shares are not listed on any stock exchange.

Share premium reserve

This comprises the share premium reserve present in Italy1 Investment S.A. at 1 January 2012, increased by Euro 219,788 thousand for the effects present in the separate financial statements of the Company following the merger by incorporation of IVS Group Holding S.p.A. in Italy1 Investment S.A..

As of the reporting date the reserve had increased in part due to exercising of the warrants described above.

Reserves

Reserves are comprised of the following as of 31 December 2012, 2011 and 2010:

	As of 31 December		
	2012	**2011**	**2010**
Other reserve	9,401	5,231	5,231
Retained earnings/(losses)	(21,746)	(19,884)	(25,231)
Reserve for cash-flow-hedges	(1,661)	(2,216)	(2,001)
Total	**(14,006)**	**(16,869)**	**(22,001)**

Details of the composition of and changes in shareholders' equity are shown in the relative Statement of changes in Shareholders' equity.

Shareholders' equity attributable to non-controlling interests

The shareholders' equity attributable to non-controlling interests fell from Euro 7,403 thousand at 31 December 2011 to Euro 4,166 thousand at 31 December 2012 as a result of the following:

- Increase for the total result of the period for Euro 1,195 thousand;

17. Share capital and reserves (Continued)

- Decrease for acquisition of non-controlling interests, already described above (for Euro 4,245 thousand);
- Decrease for dividends paid to minority shareholders of the subsidiary Coin, for Euro 188 thousand.

18. Employee Benefits

As disclosed in the section on the accounting policies, the Group has defined contribution and defined benefit plans for its Italian and French employees only. The main part of this caption is composed by TFR relative to employees of the Italian Group companies, required by Article. No. 2120 of the Italian Civil Code, discounted to present value in accordance with IAS 19.

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Employees Benefits	6,729	5,531	5,610

The assumptions used to calculate the Group's obligations in respect of the long-term benefits are set out below:

	As of 31 December		
Calculation date	**2012**	**2011**	**2010**
Mortality rate	RG48 charts	IPS55 charts	IPS55 charts
Invalidity rate	INPS charts	INPS-2000 charts	INPS-2000 charts
Personnel turnover rate	3.00%	3.00%	3.00%
Discount rate	3.20%	4.50%	4.50%
Management salary increase rate	3.00%	3.00%	3.00%
Junior management salary increase rate	3.00%	3.00%	3.00%
White collar salary increase rate	3.00%	3.00%	3.00%
Blue collar wage increase rate	3.00%	3.00%	3.00%
Advance rate	2.00%	2.00%	2.00%
Inflation rate	2.00%	2.00%	2.00%

Workforce

The table below shows the average number of employees per category, expressed in terms of equivalent full-time employees:

	Year ended 31 December		
Number	**2012**	**2011**	**2010**
Executives	3	—	—
Managers	46	47	43
White collars	761	570	547
Blue collars	1,212	1,387	1,335
Trainees	16	17	11
Total	**2,038**	**2,021**	**1,936**

19. Provisions for risks and charges

This caption relates to the non-current portion of provisions for risks and charges and comprises:

(Euro'000)	As of 31 December 2012	2011	2010
Tax	154	48	—
Other	660	458	562
Total	**814**	**506**	**562**

The other provisions include the estimated certain or probable liabilities, mainly related to civil and/or labour pending disputes.

There are no other potential liabilities at the reporting date other than those provided for in this caption, given their risk level.

20. Deferred tax assets and liabilities

These are comprised of the following as of 31 December 2012, 2011 and 2010:

(Euro'000)	As of 31 December 2012	2011	2010
Deferred tax assets	10,956	4,897	7,349
Deferred tax liabilities	(20,906)	(8,756)	(9,772)

The table below shows the composition of the deferred tax liabilities and deferred tax assets as of 31 December 2012, 2011 and 2010:

	As of December 31						Year Ended 31 December		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
				(in thousands of Euro)					
	Statement of financial position			Net Equity			Income Statement		
Untaxed provisions	630	598	671	—	—	—	34	(73)	32
Impairment losses on intangible assets	203	229	251	3	1	—	(29)	(23)	(138)
Carry forward of tax losses	4,651	445	2,713	748	(3)	—	3,458	(2,265)	755
Carry forward of interest expense	198	122	428	92	—	—	(16)	(306)	(2,119)
Carry forward ACE	1,736	—	—	—	—	—	1,736	—	—
Derivatives	630	841	759	(211)	82	759	—	—	—
Customer list	(16,689)	(4,440)	(4,524)	(12,649)	(23)	—	400	107	(360)
Employee benefits	(183)	(314)	(304)	77	—	—	54	(10)	26
Leased assets	(2,808)	(3,681)	(4,564)	(95)	71	13	968	812	208
Other	(544)	141	68	(39)	(4)	(46)	(645)	76	197
Consolidation adjustments	2,224	2,201	2,077	—	(3)	—	23	127	314
Cost/(revenue) for deferred taxation							**5,984**	**(1,556)**	**(1,085)**
Net Asset/(Liability) for net deferred taxation	**(9,950)**	**(3,859)**	**(2,423)**	**(12,074)**	**121**	**726**			
Represented in the Statement of financial position as follows:									
Deferred tax assets	10,956	4,897	7,349						
Deferred tax liabilities	(20,906)	(8,756)	(9,772)						
Deferred tax liability, net	**(9,950)**	**(3,859)**	**(2,423)**						

21. Financial liabilities and Derivatives

Financial liabilities

The following table gives a breakdown of financial liabilities split between current and non-current and by category:

	As of 31 December								
	2012			2011			2010		
(in thousands of Euro)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Due towards banks for loans	89,192	24,494	**113,686**	109,602	43,923	**153,525**	147,016	20,638	**167,654**
Due towards *leasing companies*	16,055	4,147	**20,202**	13,119	3,678	**16,797**	4,640	2,993	**7,633**
Due towards other providers of finance	8,435	24,307	**32,742**	25,091	47,674	**72,765**	18,947	17,623	**36,570**
Liabilities towards shareholders for loans	—	—	**—**	11,590	—	**11,590**	4,410	—	**4,410**
Liabilities towards debenture holders	—	8,083	**8,083**	134,290	—	**134,290**	131,880	—	**131,880**
Current account overdrafts	—	26,957	**26,957**	—	33,966	**33,966**	—	14,373	**14,373**
Fair value of derivative instruments	—	10,245	**10,245**	—	3,897	**3,897**	—	3,715	**3,715**
Total	**113,682**	**98,233**	**211,915**	**293,692**	**133,138**	**426,830**	**306,893**	**59,342**	**366,235**

The breakdown of financial liabilities by due date as of 31 December 2012 is as follows:

(in thousands of Euro)	**Amount**
2013 (current portion)	98,234
2014	28,336
2015	16,131
2016	44,546
2017	2,447
2018	5,821
Beyond	16,401
Total	**211,916**

2012

Details of the loan agreement signed by IVS Italia S.p.A. and the main financial transactions undertaken during the year are as follows:

a) The loan agreement signed in 2008 established that IVS Italia S.p.A. subordinated the repayment of the principal of the shareholders' loan until it had met the contractual covenants with the bank syndicate.

With respect to the interest on the shareholders' loan to be paid to the Company, IVS Italia S.p.A. is obliged by contract:

- not to pay interest on this loan to IVS Group S.p.A. until after 15 December and 15 June of each year, up to a maximum annual nominal rate of 8% calculated on the shareholders' loan and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months;

21. Financial liabilities and Derivatives (Continued)

- not to pay interest on the shareholders' loan to IVS Group S.p.A. in excess of the maximum annual nominal rate of 8%, capitalised and not distributed unless the net financial indebtedness/gross operating profit ratio is less than 2.7 and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months.

b) On 28 June 2010 and then again on 3 April 2012, the banks formalised documents modifying the loan contract existing with the bank syndicate headed by IntesaSanPaolo, in order to adjust some contract clauses due to changes in the economic-financial context.

c) In terms of liabilities related to derivative contracts signed by the subsidiary IVS Italia S.p.A., during 2009 and again in December 2012, in addition to the existing contract classified as speculative, derivative contracts were signed on interest rates in order to mitigate the risk of their fluctuation: as the derivatives qualified for hedge accounting under IAS 39, the *mark to market* loss (net of the *mark to market* gain of Euro 23 thousand recognised on the derivative signed at the end of December 2012) of hedge contracts totalling Euro 1,661 thousand (net of the effect of deferred tax assets) recognised by the banks at the reporting date, was recognised in a specific Shareholders' Equity reserve (adjusting its balance of Euro 2,217 thousand recognised at 31 December 2011). The *mark to market* gain of Euro 107 thousand (compared to a gain of Euro 115 thousand at 31 December 2011) on the sole derivative classified as speculative has been recognised directly in profit or loss.

This loan—originally granted for Euro 200 million, with Euro 89.9 million outstanding at the reporting date—includes some covenants which establish, among other things, compliance with some financial and equity ratios. At the reporting date, the loan subject to these covenants represented 44,63% (31% at 31 December 2011) of the Group's total financial indebtedness (Euro 201,671 thousand at 31 December 2012).

Covenants

In June 2010, IVS Italia S.p.A. signed an amendment to the loan agreement with the syndicate banks which included changes to certain of the covenants provided for by article 18.2 (A)(3). Specifically, the consolidated financial statements of IVS Italia S.p.A. show:

The net financial indebtedness/gross operating profit ratio must not be greater than:

- 2.70x from 31 December 2012 until the loan agreement expires.

a gross operating profit/net financial expense ratio not lower than:

- 6.00x from 31 December 2010 until the loan agreement expires.

All these ratios were met at 31 December 2012.

2011

Details of the loan agreement signed by IVS Italia S.p.A. and the main financial transactions undertaken during the year are as follows:

a) The loan agreement signed in 2008 established that IVS Italia S.p.A. subordinated the repayment of the principal of the shareholders' loan until it had met the contractual covenants with the bank syndicate.

21. Financial liabilities and Derivatives (Continued)

With respect to the interest on the shareholders' loan to be paid to the Company, IVS Italia S.p.A. is obliged by contract:

- not to pay interest on this loan to IVS Group Holding S.p.A. until after 15 December and 15 June of each year, up to a maximum annual nominal rate of 8% calculated on the shareholders' loan and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months;
- not to pay interest on the shareholders' loan to IVS Group Holding S.p.A. in excess of the maximum annual nominal rate of 8%, capitalised and not distributed unless the net financial indebtedness/gross operating profit ratio is less than 2.7 and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months.

b) The banks formalised the amendment to the loan agreement with the bank syndicate headed by Intesa on 28 June 2010 agreed to reflect the current economic and financial situation. They also revised the covenants with retroactive effect for 2009 and following years.

c) During 2010 and in order to comply with the syndicated loan covenants (as mentioned above), the Company waived its right to repayment of the current loan of Euro 5 million due from IVS Italia S.p.A. in order to partly cover its losses.

d) With respect to point a), as the subsidiary has not paid the interest accrued on the shareholders' loan of Euro 124,540 thousand since 2008, the Company has suspended payment of its bond coupons. As disclosed earlier, the amendment to the syndicated loan agreement provides that interest on the loan provided by IVS Group Holding S.p.A. will not be paid although it will continue to accrue until either (i) the date of full repayment of Tranche C of the loan and (ii) 31 March 2012, whichever is later.

Accordingly, the bondholders resolved to suspend payment of the coupons until the subsidiary IVS Italia S.p.A. pays back the shareholders' loan without prejudicing the bank loan covenants in their meeting of 23 July 2009. This had the scope of ensuring the Company does not default as the cash inflows from the loan granted to the subsidiary are used to pay the coupons and reimburse the bonds.

Covenants

The Euro 200 million loan, with an outstanding balance of Euro 130 million at the reporting date, taken out by IVS Italia S.p.A. from IntesaSanPaolo S.p.A., which then syndicated it to a six-member syndicate, has certain covenants which require, inter alia, compliance with financial and equity ratios. At the reporting date, this loan made up 31% (31 December 2010: 41%) of the Group's total financial indebtedness (Euro 422,933 thousand at 31 December 2011, excluding the effect of derivatives).

In June 2010, IVS Italia S.p.A. signed an amendment to the loan agreement with the syndicate banks which included changes to certain of the covenants provided for by article 18.2 (A)(3). Specifically, the consolidated financial statements should show:

– a net financial indebtedness/gross operating profit ratio greater than:

- 3.50x from 31 December 2011;
- 2.70x from 31 December 2012 until the loan agreement expires.

21. Financial liabilities and Derivatives (Continued)

– a gross operating profit/net financial expense ratio not lower than:

  • 6.00x from 31 December 2010 until the loan agreement expires.

All these ratios were met at 31 December 2011.

2010

Details of the loan agreement signed by IVS Italia S.p.A. and the main financial transactions undertaken during the year are as follows:

a) The loan agreement signed in 2008 established that IVS Italia S.p.A. subordinated the repayment of the principal of the shareholders' loan until it had met the contractual covenants with the bank syndicate.

   With respect to the interest on the shareholders' loan to be paid to the Company, IVS Italia S.p.A. is obliged by contract:

   • not to pay interest on this loan to IVS Group Holding S.p.A. until after 15 December and 15 June of each year up to a maximum annual nominal rate of 8% calculated on the shareholders' loan and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months;

   • not to pay interest on the shareholders' loan to IVS Group Holding S.p.A. in excess of the maximum annual nominal rate of 8%, capitalised and not distributed unless the net financial indebtedness/gross operating profit ratio is less than 2.7 and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (Euro 10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months.

b) The banks formalised the amendment to the loan agreement with the bank syndicate headed by Intesa on 28 June 2010 agreed to reflect the current economic and financial situation. They also revised the covenants with retroactive effect for 2009 and following years.

c) During 2010 and in order to comply with the syndicated loan covenants (as mentioned above), the Group waived its right to repayment of the current loan of Euro 5 million due from IVS Italia S.p.A. in order to partly cover its losses.

d) With respect to point a), as the subsidiary has not paid the interest accrued on the shareholders' loan of Euro 124,540 thousand since 2008, the Company has suspended payment of its bond coupons. As disclosed earlier, the amendment to the syndicated loan agreement provides that interest on the loan provided by IVS Group Holding S.p.A. will not be paid although it will continue to accrue until either (i) the date of full repayment of Tranche C of the loan and (ii) 31 March 2012, whichever is later.

   Accordingly, the bondholders resolved to suspend payment of the coupons until the subsidiary IVS Italia S.p.A. pays back the shareholders' loan without prejudicing the bank loan covenants in their meeting of 23 July 2009. This had the scope of ensuring the Group does not default as the cash inflows from the loan granted to the subsidiary are used to pay the coupons and reimburse the bonds.

21. Financial liabilities and Derivatives (Continued)

Covenants

The Euro 200 million loan with an outstanding balance of Euro 149.8 million taken out by IVS Italia S.p.A. from IntesaSanPaolo S.p.A., which then syndicated it to a six-member syndicate, has certain covenants which require, inter alia, compliance with financial and equity ratios. At the reporting date, this loan made up 41% (31 December 2009: 46%) of the Group's total financial indebtedness (Euro 362,520 thousand at 31 December 2010 excluding the effect of derivatives).

In June 2010, before the shareholders approved the 2009 financial statements, IVS Italia S.p.A. signed an amendment to the loan agreement with the syndicate banks which included changes to certain of the covenants provided for by article 18.2 (A)(3). These changes had retroactive effect on the 2009 consolidated financial statements; indeed, the covenants were not met at 31 December 2009.

Specifically, the consolidated financial statements should show:

a net financial indebtedness/gross operating profit ratio greater than:

- 4.50x from 31 December 2009;
- 4.00x from 31 December 2010;
- 3.50x from 31 December 2011;
- 2.70x from 31 December 2012 until the loan agreement expires.

a gross operating profit/net financial expense ratio not lower than:

- 4.00x from 31 December 2009;
- 6.00x from 31 December 2010 until the loan agreement expires.

All these ratios were met at the reporting at 31 December 2010.

Derivatives

The table below summarises the impact on the income statement of the derivative instruments recorded in the Group's financial statements:

	As of 31 December		
	2012	2011	2010
Cash flows from interest rate hedging derivatives	(1,520)	(856)	—
Cash flows from interest rate speculative derivatives	(302)	(386)	496
Impact on the income statement of derivative flows	**(1,822)**	**(1,242)**	**496**
Negative(positive) variation in MTM interest rate speculative derivatives	107	115	(90)
Negative(positive) variation in fair-value of warrants	1,813	—	—
Impact on the economic statement of derivative MTM variation	**1,920**	**115**	**(90)**

The Group uses the following fair value hierarchy based on different valuation techniques to determine and document the fair value of financial instruments:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data.

21. Financial liabilities and Derivatives (Continued)

Financial instruments at fair value are as follows as of 31 December 2012:

(in thousands of Euro)	Level 1	Level 2	Level 3	Total
Warrants	(7,198)	—	—	**(7,198)**
Derivative interest rate instruments	—	(3,047)	—	**(3,047)**

Financial instruments at fair value are as follows as of 31 December 2011:

(in thousands of Euro)	Level 1	Level 2	Level 3	Total
Warrants				
Derivative interest rate instruments	—	(3,897)	—	**(3,897)**

Financial instruments at fair value are as follows as of 31 December 2010:

(in thousands of Euro)	Level 1	Level 2	Level 3	Total
Warrants				
Derivative interest rate instruments	—	(3,715)	—	**(3,715)**

No transfers from level 1 to level 2 or vice versa took place during the periods.

22. Value of financial assets and liabilties

The following table compares the carrying amounts and fair values of the financial asset and liability classes as of 31 December 2012, 2011 and 2010:

	31 December 2012		31 December 2011		31 December 2010	
(Euro'000)	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets						
Cash and cash equivalents	28,817	28,817	36,127	36,127	11,308	11,308
Trade receivables	19,047	19,047	14,088	14,088	9,086	9,086
Equity investments	5,552	5,552	5,547	5,547	5,231	5,231
Other financial assets	14,297	14,297	26,303	26,303	976	976
Total	**67,713**	**67,713**	**82,065**	**82,065**	**26,601**	**26,601**
Trade payables	68,608	68,608	61,365	61,365	57,231	57,231
Derivatives	10,245	10,245	3,897	3,897	3,715	3,715
Finance lease liabilities	20,202	20,202	16,797	16,797	7,633	7,633
Variable rate loan liabilities	32,742	32,742	72,765	72,765	36,570	36,570
Due to bond holders	8,083	8,083	134,290	134,290	131,880	131,880
Bank loans and borrowings	113,682	113,682	159,402	159,402	175,025	175,025
Other current loan liabilities	26,957	26,957	33,966	33,966	14,373	14,373
Shareholders' loans	—	—	11,590	11,590	4,410	4,410
Total	**280,722**	**280,722**	**488,195**	**488,195**	**423,461**	**423,461**

23. Other current liabilities

Other current liabilities comprise the following as of 31 December 2012, 2011 and 2010:

	As of 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Other liabilities	29,292	10,768	10,724
Accrued expenses	11	176	25
Deferred income	328	11	44
Social security charges payable	4,449	3,365	3,401
Tax liabilities (excluding income taxes)	2,513	2,131	1,908
Total	**36,593**	**16,451**	**16,102**

Other liabilities include payables to employees for December remuneration, paid in January of the next year, unpaid accrued holidays and leave, deposits received from holders of charge keys used to purchase food and beverages from the vending machines, advances from customers and/or suppliers and outstanding balances for the acquisition of equity investments.

The increase of other liabilities in 2012 over 2011 is due to the increase in liabilities for balances still to pay for the acquisition of equity investments and business units, which, as described in note 5, total Euro 15,013 thousand (net of the non-current share to pay to the sellers of Fast Service Italia S.r.l. totalling Euro 9,531 thousand classified in "Other non-current liabilities"): this amount is mainly due to Euro 12,950 thousand for the acquisition of Fast Service Italia S.r.l. and Euro 1,538 thousand for the acquisition of business units made during the year

Social security charges payable include amounts due to the relevant institutions for the annual contributions in line with the different legislation ruling in the countries in which the Group is based (Italy, France and Spain).

Other tax liabilities, part of which is due within one month, mainly consist of withholdings on wages and salaries of the Italian employees.

24. Contingencies, commitments and restrictions on distribution of profits

Existing guarantees were mostly given for financing granted by third parties to group companies or for their involvement in tenders.

The following should be noted:

– during the second half of 2011 the subsidiary DAV SA underwrote a real estate leasing contract for approximately Euro 3.5 million. At 31 December 2012 this contract was designated as finance leasing but neither the leased assets nor the corresponding financial liability have been recorded in the financial statements, given that at 31 December 2012 the company was not authorised to use these leased assets as the buildings in question were still under construction);

– the entire share capital of IVS Italia S.p.A, as well as 90% of the shares of the subsidiary EVS S.r.l. were pledged as security against a loan of Euro 200 million from a bank syndicate;

– all of the Vending System Italia S.p.A. shares were given as a pledge against a loan granted to the company by the bank syndicate headed by BNL;

– at 31 December 2012 the vaults of the Coin Group contained a total of Euro 49,125 thousand (Euro 30,315 thousand in 2011) of monies belong to third parties, for which the company has stipulated specific insurance contracts;

– the subsidiary Fast Service Italia S.r.l. has pledged to Credito Valtellinese the policies stipulated with La Venezia Assicurazioni and Allianz Subalpina for a total insured capital of Euro 544 thousand corresponding to the premiums paid and recorded in the financial statements under the heading non-current financial assets.

24. Contingencies, commitments and restrictions on distribution of profits (Continued)

Restrictions on the distribution of profits

As of December 31, 2012, equity as defined under Luxembourg law and regulations consisted of:

(in thousands of Euro)	31 December 2012
Share capital	387
Share Premium	342,928
Legal Reserve	—
Treasury shares reserve	31,720
Retained earnings including net resut for the year ended December 31, 2012	(11,297)
Total	**363,738**

At least 5% of the Company's net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. As of December 31, 2012, this reserve is zero.

Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

At December 31, 2012, distributable amount under Luxembourg law totals Euro 331,592 thousands, as detailed below:

(in thousands of Euro)	31 December 2012
Retained earnings at December 31, 2012 under Luxembourg law	**(11,297)**
Share Premium	342,928
Legal Reserve (10% of Share Capital)	(39)
Distributable amount at December 31, 2012 under Luxembourg law	**331,592**

25. Revenues

Revenue from sales and services

The table below shows the breakdown of revenues from sales of goods and services and a breakdown by geographical segment for the years ended 31 December 2012, 2011 and 2010:

	Year ended 31 December		
(Euro'000)	2012	2011	2010
Italy Operating Segment	236,171	225,478	224,691
France Operating Segment	23,739	24,450	24,329
Spain Operating Segment	14,741	14,699	14,433
Coin Operating Segment	11,378	6,766	—
Total	**286,029**	**271,393**	**263,453**

In terms of the Italy, France and Spain operating segments, revenue is earned on "supplies", i.e., amounts collected for sales of food and beverages directly from the automated vending machines, "sales with invoices", i.e., revenue from the sale of products delivered directly to customers and revenue from the sale of automated vending machines.

Revenue from the Coin segment regard revenue for providing pick-up, delivery, transport, counting and blister packing of coins.

25. Revenues (Continued)

Other revenue and income

(Euro'000)	Year ended 31 December 2012	2011	2010
Other operating revenue and income	**11,767**	**6,973**	**6,266**

The caption includes revenue mainly from the Italy segment and from the sale of goods, spare parts, equipment and material to third parties, revenue related to the provision of technical assistance performed on vending machines owned by third parties.

It also comprises revenue from the reimbursement of costs, lease income, compensation for damage and prior year gains generated by the group companies' operations.

26. Cost of Raw materials, supplies and consumables

Cost of raw materials supplies and consumables were comprised of the following for the years ended on 31 December 2012, 2011 and 2010:

(Euro'000)	Year ended 31 December 2012	2011	2010
Raw materials, consumables	73,617	72,157	70,148
Change in inventories	55	(473)	(1,627)
Total	**73,672**	**71,684**	**68,521**

The cost of procuring raw materials, consumables, supplies and goods, related to different types of food and beverages, are shown net of premiums, discounts and rebates granted by the key suppliers on special deliveries or when set turnover levels and/or total quantities purchased are met.

27. Costs of Services

Costs for services comprised the following for the years ended on 31 December 2012, 2011 and 2010:

(Euro'000)	Year ended 31 December 2012	2011	2010
Services	29,563	23,796	22,418
Use of third party assets	7,235	6,754	5,874
Total	**36,798**	**30,550**	**28,292**

These costs include the directors' fees, maintenance services, electricity and utilities (e.g., water, telephone, etc.), transportation, administrative, legal and commercial services.

28. Personnel costs

Personnel costs were comprised of the following for the years ended on 31 December 2012, 2011 and 2010:

(Euro'000)	Year ended 31 December 2012	2011	2010
Wages and salaries	64,126	61,756	61,209
Social security contributions	16,279	15,135	14,487
Employee benefits	3,010	3,071	3,263
Other personnel expenses	1,815	1,764	1,852
Total	**85,230**	**81,726**	**80,811**

28. Personnel costs (Continued)

The change of Euro 2,370 thousand in 2012 over 2011 in wages and salaries is mainly due to the increase in personnel expenses resulting from a change in the consolidation scope from the acquisition of S.Italia S.r.l., Mr Vending S.r.l. and 20.10 Vending S.r.l. as well as the transfer of employees to IVS Italia S.p.A. following the acquisition of business units described in the previous notes.

The increase in 2011 over 2010 is principally a result of:

– a rise due to personnel expenses of the Coin Service Group, which amounted to approximately Euro 2.1 million in 2011;

– a decrease in other personnel expenses due to the reclassification of the 2011 termination benefits of Euro 410 thousand (2010: Euro 180 thousand classified in this caption) to non-recurring items;

– a decrease due to greater capitalised costs compared to the previous year (Euro 1.3 million more than in 2010) following the considerable increase in vending machine revamping activities carried out during the reporting period. In 2011, IVS Italia S.p.A. and IVS Group Holding S.p.A. capitalised personnel expenses totalling Euro 2.5 million (compared to Euro 1.2 million in 2010) in this respect.

29. Other operating income/(expenses), net

Other operating income/(expenses), net were comprised of the following for the years ended on 31 December 2012, 2011 and 2010:

	Year ended 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Provision for losses on current assets	254	296	439
Provisions for risks	268	(157)	522
Other provisions	304	9	79
Other operating costs	39,973	34,538	34,390
Total	**40,799**	**34,686**	**35,430**

In particular other operating costs include:

– the portion for the year of slotting fees for the year to customers (public and private) to locate machines in their premises, using their electricity and water supplies;

– fuel costs.

30. Other non-recurring income/(expenses)

The following table gives a breakdown of non-recurring income and expense, showing those arising on the sale of non-current assets for the years ended on 31 December 2012, 2011 and 2010 and for the merger occurred in 2012:

	Year ended 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Gains on the sale of assets	1,467	1,515	2,372
Losses on the sale of assets	(501)	(909)	(743)
Net gains on the sale of assets	**966**	**606**	**1,629**
Income	63	613	231
Expense	30,017	(2,797)	(1,101)
Net other non-recurring expense	**29,954**	**(2,185)**	**(870)**

30. Other non-recurring income/(expenses) (Continued)

The significant increase in 2012 over 2011 and 2010 in other non-recurring expenses is due principally to the extraordinary operation and the relative out-of-pocket costs, for Euro 25,476 thousand and Euro 1,374 thousand respectively.

The other non-recurring expenses in 2012 mainly refer to:

– Termination benefits of roughly Euro 336 thousand paid during the reporting period (Euro 215 thousand by IVS Italia S.p.A. and Euro 121 thousand by IVS France SaS); this caption totalled Euro 410 thousand at the reporting date;

– cash shortfalls and losses of roughly Euro 209 thousand mainly due to theft and robberies at the branches of IVS Italia S.p.A. (Euro 214 thousand at 31 December 2011);

– administrative, tax and legal consultancy fees for non-recurring transactions paid by the Group (totalling Euro 937 thousand);

– prior year expense, mainly due to premiums to customers, taxes and supplier invoices totalling Euro 1,630 thousand relating to previous years (including Euro 1,074 thousand relating to the subsidiary IVS Italia S.p.A.)

The increase in non-recurring expense in 2011 over 2010 is mainly due to:

– termination benefits of roughly Euro 410 thousand paid during the reporting period (mainly Euro 238 thousand by IVS Italia S.p.A., Euro 110 thousand by Parodis and Euro 62 thousand by Cofradis). These benefits amounted to approximately Euro180 thousand and were classified as a personnel expense in 2010;

– cash shortfalls and losses of roughly Euro 214 thousand mainly due to theft and robberies at the branches of IVS Italia S.p.A. (Euro 178 thousand at 31 December 2010);

– administrative, tax and legal consultancy fees for non-recurring transactions paid by the Group (Euro 509 thousand) and the subsidiary Coin Partecipazioni (Euro 220 thousand);

– prior year expense, mainly due to premiums to customers, taxes and supplier invoices totalling Euro 1,184 thousand relating to previous years (including Euro 862 thousand relating to the subsidiary IVS Italia S.p.A.) and 2010 personnel expense relating to the subsidiary IVS Serida, which was merged into IVS Italia S.p.A. on 30 December 2010, totalling Euro 259 thousand.

Non-recurring income in 2011 is principally due to:

– the waiver of fees resolved by the directors of the two Spanish subsidiaries (Euro 282 thousand);

– an extra bonus for 2007 that a machinery supplier paid to the Group (Euro 94 thousand);

– the out-of-court settlement of a dispute with a telephone provider by the subsidiary Vending System Italy S.p.A. (Euro 72 thousand);

– other prior year income mainly recognised by the Italian subsidiaries (Euro 165 thousand).

Other non-recurring expense in 2010 mainly consists of:

– impairment losses on assets recognised in the separate financial statements of the companies merged during the year and deemed not to be recoverable at the reporting date (Euro 315 thousand);

– cash shortfalls and losses due to theft and robberies (Euro 178 thousand);

– taxes and administrative charges (Euro 55 thousand);

– prior year costs for customer bonuses and supplier invoices.

31. Financial income and expenses

Financial income and expenses comprised the following for the years ended on 31 December 2012, 2011 and 2010:

	Year ended 31 December					
	2012		2011		2010	
(Euro'000)	**Income**	**Expense**	**Income**	**Expense**	**Income**	**Expense**
Bank interest	368	(1,289)	82	(1,402)	3	(610)
Interest on Banca IMI and syndicated loans	—	(3,671)	—	(5,266)	—	(5,074)
Interest on BNL loan	—	(340)	—	(439)	—	(476)
Interest on shareholders' loan	—	—	—	(1,521)	—	(7)
Interest on bonds	—	—	—	(2,539)	—	(1,736)
Other interest	—	(2,471)	—	(1,312)	—	(1,476)
Total income (expense) on net financial indebtedness	**368**	**(7,771)**	**82**	**(12,478)**	**3**	**(9,379)**
Net interest expense on net financial indebtedness		**(7,404)**		**(12,397)**		**(9,376)**
Other financial income	751	—	662	—	361	—
Other financial expense	—	(1,461)	—	(304)	—	(403)
Total other financial income (expense)	**751**	**(1,461)**	**662**	**(304)**	**361**	**(403)**
Net loss on interest rate speculative derivatives (flows)	—	(302)	—	(386)	—	(496)
Net loss on interest rate hedging derivatives (flows)	—	(1,520)	—	(856)	—	—
Net exchange rate gains (losses)	—	—	—	—	—	—
Net exchange rate gains (losses) and net loss on derivatives	**—**	**(1,822)**	**—**	**(1,242)**	**—**	**(496)**
Other financial changes		(43)		(12)		
Net financial income (expense) and net loss on derivatives	**1,119**	**(11,098)**	**744**	**(14,037)**	**364**	**(10,278)**
Net fair value gains on interest rate speculative derivatives	108	—	115	—	90	—
Net gains/(losses) on warrant	1,813	—	—	—	—	—
Total net expense		**(8,059)**		**(13,178)**		**(9,824)**

The variations in net financial income and expenses is due substantially to :

– the reduction to zero of financial charges relative to bonds following the advance repayment thereof;

– the increase of Euro 664 thousand in charges deriving from the charging of the flows calculated on derivative hedging contracts (contractually the first charge was in fact foreseen for 12 December 2011 relative to the previous six month period);

– the increase in income deriving from the variations in the fair value of derivatives contracts; due to the effect of the warrant acquired for the non-recurring transaction, not present at 31 December 2011;

– the reduction to zero of the interest on loans from shareholders as these regarded liabilities repaid for the most part and therefore reclassified at the reporting date to other interest following the change in shareholder structure;

– the increase in other financial expenses due to discounting of the outstanding liability for purchase of the equity investment in Fast Service Italia S.r.l totalling Euro 734 thousand;

– the decrease in financial expenses linked to the syndicate loan subscribed by IVS Italia S.p.A. due to the repayment in June of the Tranche C totalling Euro 20 million, repayment in June and December of an additional Euro 20 million related to the capital of Tranche A as required by the amortisation plan and the decrease of the *spread* equal to 25bp applied to the Tranches A and B to improve the economic-financial ratios as required by the contract.

31. Financial income and expenses (Continued)

Changes in net financial expense in 2011 over 2010 is mainly due to:

– interest expense on Coin Service group companies' current accounts (Euro 617 thousand), partly offset by other financial income (interest on bonds of Euro 485 thousand);

– interest expense on shareholders' loans (Euro 1,324 thousand and Euro 197 thousand paid by IVS Group Holding S.p.A. and Coin Service Group, respectively, in 2011);

– an increase in interest expense on the bonds issued by the Company due to a rise in the official bank rate starting from the second half of the year;

– an increase of Euro 287 thousand in lease interest expense (classified as other interest expense), as a result of two new leases signed by the Italian subsidiary DDS S.p.A. and the French subsidiary SCI +39;

an increase of Euro 856 thousand due to hedging derivative outflows (the first payment was due on 12 December 2011 and related to the previous half year).

32. Share of profit (loss) of equity-accounted investees

The profit of Euro51 thousand in 2012 (Euro 127 in 2011 and Euro 207 thousand for 2010) is mainly due to the Group's share of the profit of the equity-accounted investees.

33. Income tax expenses

Current and deferred taxes are analyzed in the following table:

	Year ended 31 December		
(Euro'000)	**2012**	**2011**	**2010**
Current tax expense	(6,150)	(4,357)	(3,871)
Change in deferred tax liabilities	717	858	1,095
Change in deferred tax assets	5,263	(2,427)	(2,194)
Total	**(170)**	**(5,926)**	**(4,970)**

It should be noted that IVS Group S.A. has its registered offices in Luxembourg, while its administrative and main operations are located in Italy. Consequently, for 2012, but also for 2011, in accordance with the prevailing OECD doctrine, the directors believe that the Company is resident for fiscal purposes in Italy. Therefore the taxation has been calculated accordingly.

The deferred tax assets refer principally to the tax losses matured by Italy1 Investment S.A. during prior years and during the first months of 2012 up until the merger date.

The directors believe that these losses shall be recoverable in future years given that:

a) the losses were effectively realised,

b) they expect to receive a favourable reply to the request for interpretation within the time limits necessary to obtain the exemption from the application of article 172 of DPR 917/86, paragraph 7,

c) the above losses have no time restrictions for being carried forward,

d) in future years enough taxable income will be generated that the holding will act as coordinator of the IVS Group.

During 2011 IVS Group Holding S.p.A. and most of the Italian companies of the group were part of a national tax consolidation scheme. Due to the merger transaction with Italy1 Investment S.A.—and with a pending interpretation request submitted on the subject to the Italian Tax Authority—a decision was made to calculation the taxation for the year for each legal entity of the group and not based on the scheme which would have been used for the previous tax consolidation.

Note 20 provides details of the captions that lead to the recognition of deferred tax assets and liabilities.

33. Income tax expenses (Continued)

The percentage of tax on the profit for the year 2012 before taxes is (1.22%), 62.08% in 2011 and 45,88% in 2010 compared to a theoretical tax of 27.35% in 2012, 27.94% in 2011 and 29,7% in 2010 from applying the rates required by tax laws of Italy 27.5% (IRES), Spain 25% (ISS) and France 33.33% (IS).

The tax rate reconciliation is shown in the following table:

	Year ended 31 December					
(Euro'000)	**2012**		**2011**		**2010**	
Profit (loss) before tax	(13,980)		9,525		10,834	
Theoretical tax	3,823	27.35%	(2,661)	27.94%	(3,217)	29.70%
Financial income at lower rate	209	1.49%	—	—	—	—
Permanent differences	63	0.45%	(241)	2.55%	(381)	4.20%
Ace	1,736	12.42%	—	—	—	—
Deferred tax assets on IPO Fees 2011	1,134	8.11%	—	—	—	—
Tax Losses retained	1,149	8.22%	—	—	—	—
Fair Value Warrant	499	3.57%	—	—	—	—
Listing costs	(7,066)	(50.54%)	—	—	—	—
IRAP on personnel expenses deductible from IRES	373	2.67%	—	—	—	—
Effect of Tremonti-ter law	—	—	—	—	1,206	(11.90%)
Consolidation adjustments	—	—	(20)	0.21%	105	(1.00%)
Effects of tax losses not recognised in previous years or that cannot be used	—	—	(423)	4.46%	180	(1.70%)
Prior year deferred taxes	—	—	—	—	(351)	3.30%
IRAP	(2,090)	(14.95%)	(2,581)	27.24%	(2,512)	23.30%
Total income taxes	**(170)**	**(1.22%)**	**(5,926)**	**62.20%**	**(4,970)**	**45.88%**

Other information

34. Earnings per share (base and diluted)

The earnings per share is calculated on the basis of the rules applicable for reverse acquisitions. For the purposes of calculating the weighted average of the ordinary shares in circulation (the denominator of the earnings per share calculation) during the period in which the reverse acquisition takes place:

a) the number of ordinary shares in circulation from the beginning of this year to the date of acquisition must be calculated on the basis of the weighted average of the ordinary shares of the legal acquired company (acquiring company for accounting purposes—IVS Group) in circulation during the period, multiplied by the exchange ratio established in the merger agreement; and

b) the number of ordinary shares in circulation from the acquisition date to the period end must correspond to the actual number of ordinary shares of the legal acquiring company (acquired company for accounting purposes—Italy1 Investment S.A.), in circulation during this period.

As regards the comparative period prior to the acquisition date shown in the consolidated financial statements, this was calculated dividing :

a) the net gain (loss) for the period of the legal acquired company attributable to ordinary shareholders in each of these periods , by

b) the historical weighted average of the ordinary shares in circulation of the legal acquired company multiplied by the exchange ratio established in the in the acquisition agreement.

34. Earnings per share (base and diluted) (Continued)

Base earnings per share

The calculation of the base earnings per share at 31 December 2012 is based on a negative result attributable to the Group of Euro 15,990 thousand (positive for Euro 2,649 thousand and Euro 5,386 thousand at 31 December 2011 and 31 December 2010, respectfully) and on an average number of shares in circulation during the period of 29,067,780 (7,320,703 at 31 December 2011 and 2010), calculated as follows :

	Year ended 31 December		
	2012	2011	2010
Number of shares in existence as of 1 January	7,320,703	7,320,703	7,320,703
Number of shares issued with the share capital increase of 21 March 2012	14,666,891	—	—
Number of shares issued with the share capital increase of 4 April 2012	492,988	—	—
Number of shares issued with the share capital increase of 03 May 2012	221,673	—	—
Number of Italy1 Investment S.A. shares in circulation at 16 May 2012 (net of treasury shares)	15,550,989	—	—
Number of shares issued with the share capital increase of 15 October 2012	61	—	—
Number of shares issued with the share capital increase of 31 October 2012	48	—	—
Number of shares issued with the share capital increase of 15 November 2012	56	—	—
Number of shares issued with the share capital increase of 30 November 2012	70	—	—
Weighted average shares in circulation	**29,067,780**	**7,320,703**	**7,320,703**

Diluted earnings per share

At 31 December 2012 the effect of the potential exercise of the warrants into shares has no dilutive effect and therefore the diluted earnings per share correspond to the base earnings per share.

35. Related party transactions

The following schedules give details of transactions and balances due from/towards related parties. The companies listed below have been identified as related parties as they are linked directly or indirectly to the Shareholders of the IVS Group. For further information regarding relations with related parties reference should be made to Section Related parties transactions of this Offering Memorandum.

35. Related party transactions (Continued)

The tables below give details of transactions with and balances due from/towards related parties as of 31 December 2012 and for the year then ended:

(in thousands of Euro)	Receivables			Payables		
Related party	**Trade**	**Financial**	**Others**	**Trade**	**Financial**	**Others**
Argan capital advisors Srl	—	—	—	(55)	—	—
Astro Srl	—	—	—	(47)	—	—
C.P. & Partners	—	—	—	—	—	—
Cami SpA	2	—	—	(474)	—	—
Chef Express SpA	163	—	—	(198)	—	—
Ciesse caffè Srl	29	—	—	—	—	—
Crimo Srl	0	—	—	—	(45)	—
D.A. Design Group Srl	—	—	—	(349)	—	—
Dama Srl	—	—	—	—	(320)	(4,667)
Domal Co. Srl	—	—	—	—	(640)	(9,334)
ESP SA	—	—	—	(218)	—	—
Espresso Italia Srl	—	—	—	(8)	—	—
Eurofinim Srl	—	—	—	—	(4)	—
EVA SpA	—	—	—	—	(1,171)	—
F2i	—	—	—	(110)	—	—
Gimoka Srl	350	—	—	(2,246)	—	—
Immobiliare Vending Srl	29	2,242	—	(875)	—	—
ITA1SV LP	—	—	—	—	—	—
IVS Partecipazioni SpA	—	—	131	—	—	(3,221)
Locomotiva Srl	—	—	—	—	(640)	(8,479)
Luigi Lavazza SpA	0	—	—	(9,588)	—	—
MC-AG Sas	382	—	—	(3)	—	—
Riverrock European Capital Partners LLP	—	—	—	—	—	—
Sogeda Srl	736	—	—	(161)	—	—
Studio FT	—	—	—	(47)	—	—
Time Vending Srl	7	—	—	(86)	(100)	—
Universo Vending Srl	—	—	—	(468)	—	—
Vendomat SpA	—	—	—	(2)	(2,416)	—
Wagenaar Consultants C.V.	—	—	—	(273)	—	—
West Control S.A.	—	—	—	—	—	—
West Partecipation S.A:	—	—	—	—	(231)	—
Ex-debenture holders	—	—	—	—	(8,084)	—
Directors' emoluments	—	—	—	—	—	(520)
Key management	—	—	—	—	—	(217)
Revoltella Giovanni	—	—	—	(10)	—	—
Roberto Pompei	—	—	—	—	(153)	—
Total related parties	**1,698**	**2,242**	**131**	**(15,218)**	**(13,804)**	**(26,438)**
Total per financial statements	**19,047**	**14,274**	**41,397**	**(68,609)**	**(201,671)**	**(36,593)**
Incidence %	*9%*	*16%*	*0%*	*22%*	*7%*	*72%*

35. Related party transactions (Continued)

(in thousands of Euro)	Revenues			Costs		
Related party	**Operating revenues**	**Sale of fixed assets**	**Operating costs**	**Interest**	**Purchases of fixed assets**	**Acquistion of equity investments**
Argan capital advisors Srl	—	—	(204)*	—	—	—
Astro Srl	—	—	(48)	—	—	—
BML Immobiliare	—	—	(85)	—	—	—
C.P. & Partners	—	—	(141)	—	—	—
Cami SpA	—	—	(1,442)	—	—	—
Chef Express SpA	1,076	—	(1,556)	—	—	—
Ciesse caffè S.r.l.	5	28	(36)	—	—	—
D.A. Design Group Srl	—	—	—	—	(457)	—
Crimo Srl	—	—	—	(45)	—	—
Dama Srl	—	—	(6)	—	—	(7,967)
Domal Co. Srl	—	—	—	—	—	(15,934)
ESP SA	17	—	(312)	—	—	—
Espresso Italia Srl	—	—	(23)	—	—	—
F2i	—	—	(110)*	—	—	—
Gimoka Srl	925	344	(4,154)	—	(1,262)	—
Immobiliare Vending Srl	—	—	(2,849)	—	—	—
IVS Partecipazioni SpA	—	—	(131)	—	—	—
ITA1SV LP	—	—	(50)*	—	—	—
Locomotiva Srl	—	—	—	—	—	(15,934)
Luigi Lavazza S.p.A.	835	—	(12,380)	—	(5,272)	—
MC-AG Sas	9	34	(275)	—	—	—
Riverrock European Capital Partners LLP	—	—	(441)*	—	—	—
Sogeda Srl	511	224	(359)	—	—	—
Studio FT	—	—	(234)	—	—	—
Time Vending	12	—	(324)	—	—	—
Universo Vending Srl	—	—	(2,841)	—	—	—
Wagenaar Consultants C.V.	—	—	(473)	—	—	—
Directors' emoluments	—	—	(3,918)	—	—	—
Key management	—	—	(1,390)	—	—	—
Revoltella Giovanni	—	—	(204)	—	—	—
Cerea Giuseppe	—	—	—	—	—	(530)
Total related parties	**3,390**	**630**	**(33,181)**	**(45)**	**(6,991)**	**(40,365)**
Total per financial statements	**297,796**		**(236,499)**	**(11,051)**		
Incidence %	*1%*		*14%*	*0%*		

* ***these amounts are not accounted in the consolidated income statement and are not included in the total (these amounts are in the income statement first five months 2012 of Italy 1 Investment S,A,)***

35. Related party transactions (Continued)

The tables below give details of transactions with and balances due from/towards related parties as of 31 December 2011 and for the year then ended:

(in thousands of Euro)	Receivables			Payables		
Related party	**Trade**	**Financial**	**Others**	**Trade**	**Financial**	**Others**
Espresso Service Proximite	65	—	—	(409)	—	—
Immobiliare Vending	29	2,203	—	(169)	—	—
Universo Vending S.r.l.	—	—	—	(505)	—	—
Time Vending	15	—	—	(221)	—	—
Ciesse Caffè S.r.l.	30	—	—	0	—	—
Sogeda S.r.l.	338	—	—	(767)	—	—
Gimoka S.r.l.	155	—	—	(2,152)	—	—
Fast Service S.r.l.	1,585	—	—	(1,589)	—	—
MC-AG Sas	307	—	—	(3)	—	—
Crimo	1	—	—	—	(780)	—
West Control S.A.	65	—	—	—	(16,882)	—
Eurofinim S.r.l.	29	—	—	—	(6,681)	—
Astro	—	—	—	(19)	—	—
Shareholders who are also directors	15	—	—	—	17,673	—
Shareholders that are not directors	—	—	—	—	116,617	—
Total related parties	**2,523**	**2,203**	**—**	**(5,834)**	**109,947**	**—**
Total per financial statements	**14,088**	**2,203**	**43,498**	**(61,340)**	**(426,830)**	**424**
Incidence %	*18%*	*10%*	*0%*	*10%*	*−26%*	*0%*

(in thousands of Euro)	Revenues			Costs		
Related party	**Operating revenues**	**Sale of fixed assets**	**Operating costs**	**Interest**	**Purchases of fixed assets**	**Acquistion of equity investments**
Universo Vending S.r.l.	—	—	(2,480)	—	5	—
Time Vending	48	—	(836)	—	—	—
Ciesse Caffè S.r.l.	14	—	(97)	—	—	—
Immobiliare Vending	—	—	(2,289)	—	—	—
Sogeda S.r.l.	429	—	(704)	—	—	—
GimokaS.r.l.	1,087	—	(3,408)	—	498	—
Fast Service S.r.l.	63	—	(4,765)	—	14	—
MC-AG Sas	8	—	(365)	—	—	—
Espresso Service Proximitè	—	—	(489)	—	132	—
Astro	—	—	(27)	—	5	—
Shareholders who are also directors	—	—	—	(332)	—	—
Shareholders that are not directors	—	—	—	(2,207)	—	—
Total related parties	**1,649**	**—**	**(15,460)**	**(2,539)**	**(654)**	**—**
Total per financial statements	**278,366**		**(218,647)**	**(10,334)**	**(71,684)**	
Incidence %	*1%*		*7%*	*25%*	*1%*	

35. Related party transactions (Continued)

The tables below give details of transactions with and balances due from/towards related parties as of 31 December 2010 and for the year then ended:

(in thousands of Euro)	Receivables			Payables		
Related party	**Trade**	**Financial**	**Others**	**Trade**	**Financial**	**Others**
Espresso Service Proximite	10	—	—	—	—	—
Immobiliare Vending		910	—			—
Universo Vending S.r.l.	—	—	—	(148)	—	—
Time Vending	—	—	—	(156)	—	—
Ciesse Caffè S.r.l.	30	—	—	(3)	—	—
Sogeda S.r.l.	239	—	—	(47)	—	—
Gimoka S.r.l.	242	—	—	(1,230)	—	—
Fast Service S.r.l.	747	—	—	(2,602)	—	—
MC-AG Sas	257	—	—	(3)	—	—
Crimo	1	—	—	—	(270)	—
West Control S.A.		—	—		(8,607)	—
Eurofinim S.r.l.		—	—		(4,000)	—
Astro	32	—	—	—	—	—
Shareholders who are also directors		—	—	—	(17,376)	—
Shareholders that are not directors	—	—	—	—	(114,486)	—
Total related parties	**1,558**	**910**	**—**	**(4,189)**	**(144,739)**	**—**
Total per financial statements	**9,086**	**910**	**—**	**(57,231)**	**(366,236)**	**—**
Incidence %	*17%*	*100%*	*0%*	*7%*	*40%*	*0%*

(in thousands of Euro)	Revenues			Costs		
Related party	**Operating revenues**	**Sale of fixed assets**	**Operating costs**	**Interest**	**Purchases of fixed assets**	**Acquistion of equity investments**
Universo Vending S.r.l.	—	—	(1,780)	—	—	—
Time Vending	—	—	(275)	—	—	—
Ciesse Caffè S.r.l.	4	27	(22)	—	—	—
Immobiliare Vending	—	—	(2,041)	—	—	—
Sogeda S.r.l.	336	—	(53)	—	—	—
GimokaS.r.l.	1,582	—	(3,307)	—	—	—
Fast Service S.r.l.	448	—	(4,252)	—	—	—
MC-AG Sas	8	23	(331)	—	—	—
Astro	—	—	(27)	—	—	—
Espresso Service Proximitè	—	—	0	—	—	—
Shareholders who are also directors	—	—	0	266	—	—
Shareholders that are not directors	—	—	(1,780)	1,742	—	—
Total related parties	**2,378**	**50**	**(12,088)**	**2,008**	**—**	**—**
Total per financial statements	**269,719**	**269,719**	**(213,054)**	**10,334**	**28,817**	**—**
Incidence %	*1%*	*0%*	*6%*	*19%*	*0%*	*0%*

36. Financial risk management

The Group's financial and accounting department ensures financing is available by carefully analysing interest rate fluctuations on an ongoing basis in relation to its financial exposure.

Market risk

- Interest rate risk

  The Group's interest risk management policy has a two-pronged objective: to minimise the cost of funding and to decrease its exposure to interest rate fluctuations, as changes in interest rates affect both the fair value of variable rate financial assets and liabilities and the Group's future results of operations. For this reason management has signed derivative contracts to hedge against interest

36. Financial risk management (Continued)

rate fluctuations: specifically the interest rate risks linked to Tranche A and Tranche B of the syndicate loan subscribed by IVS Italia S.p.A. have been hedged.

- Currency risk

  The Group is not exposed to this risk as all its transactions are carried out in Euros.

Credit risk

a) Credit risk

The Group procedures require that customer solvency is monitored by each company's commercial and accounting departments before and during transactions by monitoring customer balances.

Commercial credit risk concentration, arising solely when invoices are issued, is limited given the wide and unrelated customer base. As a result, the allowance existing at the reporting date for receivables whose recovery is doubtful or improbable is deemed to be appropriate.

b) Market risk

Interest rate hedges are solely agreed with highly rated counterparts. The counterparts are selected using various criteria: the specialist agency rating, their assets and equity as well as the nature and due date of the transactions. They are usually major banks.

The Group does not trade financial instruments with parties located in geographical areas at high political or financial risk.

c) Liquidity risk

The Group's objective is to have a debt level that ensures a good ratio of the loan repayment dates to flexible and diversified sources of funding. Each group company is free to negotiate credit facilities and agree diversified sources of funding (e.g., loans, finance leases, bank credit facilities, etc.) as long as they comply with the covenants of the loan agreement between IVS Italia S.p.A. and the bank syndicate. Since the most significant part of investments in property, plant and equipment, business units and equity investments have been completed, cash flow from operating activities forecast for coming years will make it possible to progressively reduce the percentage of debt on all funding sources as stated in the Group's strategic plan, determining a substantial decrease in the current level of liquidity risk.

Exposure to interest rate risk

At the reporting date, all the Group's financial liabilities (without considering fluctuations in the fair value of derivatives) bear interest at floating or indexed rates: the main existing loans are the aforesaid loan with Euro 90 million outstanding with the banks, indexed to the reference rate; loans for finance lease contracts and loans due to other lenders, to most of the Group companies, normally indexed at the period Euribor, as well as the outstanding loan of Euro 15,280 thousand held by Vending System Italia S.p.A.

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